



Daily Report

East Asia

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Japan

U.S. Economic Sanctions Against Iran Discussed

OW2005130395 Tokyo ASAHI SHIMBUN
in Japanese 18 May 95 Morning Edition p 12

[Unattributed article: "U.S. Sanctions Against Iran Causing Ripples"]

[FBIS Translated Text] The U.S. Government announcement of economic sanctions against Iran is causing ripples. The Japanese Government and industry do not want to join the United States in the sanctions because Japan has close relations with Iran with respect to business on crude oil and also because European countries are not moving to cooperate in the action either. But the U.S. Government is expected to put more pressure on Japan with the major powers' summit (Halifax summit) scheduled for June. It is possible that this matter will turn into another source of trouble after the auto issue between Japan and the United States.

Sandwiched Government

While the U.S. Government claims "Iran is a terrorism-supporting country," the Japanese Government (the Ministry of Foreign Affairs [MOFA]) takes the position that "it would not be wise to isolate Iran." Iran being the third biggest crude oil exporter to Japan, a total ban on imports from that country can mean a great risk for Japan. Besides, there is a strong smell of the Clinton administration attempting to make "Iran a villain" at this time with an eye on the presidential election in the United States next year.

The United Kingdom, which normally leans toward the United States, does not intend to cooperate this time. Such countries as Germany and France are critical of the United States' hardline diplomacy. Russia and China are frowning at this U.S. initiative. The possibility that nations at the summit will attempt to remonstrate with the United States on its confrontational position is thus also making Japan cautious in taking a stand.

Meanwhile, the recent economic belt-tightening in Iran is causing rebellions in that country. Some are afraid that the power of moderates in Iran whom the Japanese Government wants to support is weakening. The U.S. Government believes such a soft stand as that of Japan is counterproductive. It seems certain that the U.S. Government will seek cooperation of the Japanese Government once again. Right now, all that the Japanese Government has done in a manner of supporting the sanctions is to postpone making a decision on the second yen-based loans to Iran on the pretext of "a review is under way." But with the issue of automobiles delicately involved, it is possible that the U.S. Government will press the Japanese Government for a tougher action.

MOFA and the Ministry of International Trade and Industry are all nerves because of this possibility.

Limelight on Politics

A manager of a petroleum company said: "Petroleum has three faces — of essential consumer goods, international market commodities, and political strategy materials. The U.S. sanctions against Iran are intended to put the limelight on the political strategy side of the face."

So far, there has been no particular reaction seen in the international oil market. The people handling oil as an international market commodity seem to think the threatened sanctions are the Clinton administration's show "performance" in its election campaign, and hence their effectiveness is questionable.

What the general trading companies and oil companies are worried about now is the possibility that "anti-U.S. radicals" will gain power in Iran and that tension in the Middle Eastern region will shoot up once again as a result of it. If the Middle East area plunges into chaos, thus affecting crude oil exports, the country which will suffer the most will be Japan which is heavily dependent on oil from that area.

The United States has its own sources of crude oil. Besides, some think the United States' international oil companies (majors) are filling in the shortfalls arising from the ban on imports from Iran by buying through indirect routes. Russia and Europe which have multiple oil supply sources like oil fields in the North Sea are now busy in their own ways, in fact moving to buy from Iran which is making its oil available at cheaper prices.

A manager in charge of oil business at a major trading company said: "It is likely that these sanctions will show how weak Japan is politically."

Prospective Market

The Japanese industry's uncollected credits with Iran are said to amount to \$3.3 billion. Many in the industry urge the government not to cooperate in the U.S. action, saying: "Only Israel will support it." Iran with a population of 60 million and abundant natural resources is potentially a prospective market. And Japan has done business with the country for so long.

Recalling that Secretary of State Warren Christopher was a U.S. negotiator dealing with the issue of hostages in the U.S. Embassy at the time of the Iran revolution, an executive of a general trading company said, "He harbors hard feeling toward Iran." The executive said he expects the matter to drag on and take time to get resolved, and noted, "Iranians band together when

driven into a corner." He said Japan needs to maintain a line of communications with Iran.

Japan's exports to Iran fell to \$910 million by 37.2 percent in 1994 over the previous year. Noting this, some say, "That market has cooled down without the control on exports" (to quote an official of the Japan External Trade Organization).

There are currently several projects under way in Iran. An iron ore mine plant in Chardurmar [as published] built by Kobe Steel Ltd. in cooperation with Marubeni Corporation and Mitsubishi Corporation is due to become operational next year. Chiyoda Corporation will complete an oil refinery in Bandar-e 'Abbas at a cost of \$1,243 million. Mitsubishi Heavy Industries is now test-running a thermoelectric power station (with output of 260,00 kw) it has built, and also has an order to build a vehicle tire production plant. Kentaro Aikawa, president of Mitsubishi Heavy Industries, who is also chairman of the Japan-Iran economic committee in the Federation of Economic Organizations of Japan [keidanren], said, "There is no enemy in the business world. All are customers."

Murayama, Clinton To Meet at Halifax Summit

OW2205074095 Tokyo KYODO in English
0718 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Prime Minister Tomiichi Murayama will meet U.S. President Bill Clinton on June 15 in Halifax, Canada, when they get together there for a summit meeting of the world's seven leading industrialized nations, a government official said Monday [22 May].

Deputy Chief Cabinet Secretary Hiroyuki Sonoda said Murayama will leave for the summit meeting June 14.

The summit meeting brings together leaders of Britain, Canada, France, Germany, Italy, Japan and the United States.

The Japan-U.S. summit, the first since one held in Washington in January, is expected to deal with how to restore the bilateral relationship affected by a trade dispute over autos and auto parts.

Murayama and Clinton are also expected to discuss such issues as ongoing talks between the U.S. and North Korea on the type of nuclear reactors to be supplied to Pyongyang in exchange for a freeze on the North's nuclear program.

U.S.-proposed economic sanctions against Iran in retaliation for what Washington says is Iran's support for terrorism are also expected to be high on the agenda.

Reactions to U.S. Trade Sanctions Reported

Hashimoto on Earmarked Cars

OW2005141495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 20 May 95 Morning Edition p 5

[FBIS Translated Text] At a budget committee meeting of the House of Representatives on 19 May, International Trade and Industry Minister Ryutaro Hashimoto commented on a U.S. list of luxury cars earmarked for sanctions. He stressed: "Not only Japanese automakers but also U.S. parts makers will suffer the consequences if the sanctions are actually imposed." In this way, he asked the United States to make a coolheaded decision over the issue. Hashimoto explained his view by using actual figures, saying: "Japan imports about \$2.6 billion worth of auto parts from the United States. But some \$240 million worth of parts, which is about 10 percent of the imported U.S.-made parts, will not be imported if the United States imposes sanctions against Japan."

MITI Official on Avoiding Damage

OW2205075395 Tokyo KYODO in English
0644 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Japan wants to act fast to "erase the damage" that threatened U.S. sanctions could have on domestic automakers, but the nation has yet to come up with any concrete steps, the top trade bureaucrat said Monday [22 May].

As the threatened sanctions, which would take effect late next month, are retroactive to last Saturday, "the detrimental effects on trade have already begun to emerge," said Tomio Tsutsumi, vice minister of the Ministry of International Trade and Industry (MITI).

Tsutsumi named Honda Motor Co., Mazda Motor Corp. and Mitsubishi Motors Corp. as among the manufacturers Japan wants to help as quickly as possible but said specific measures have yet to be decided and declined to respond to a question as to whether Tokyo has chosen to hit the United States with countersanctions.

MITI's vice minister for international affairs, Yoshihiro Sakamoto, said last week that Japan is considering countersanctions but hopes to settle the auto trade dispute in negotiations both sides have requested of the World Trade Organization (WTO).

Tsutsumi said the U.S. has not responded to its request for talks under WTO auspices in Geneva.

He expressed a desire to solve the row between the world's two biggest economies, which promises to be a tough test case for the fledgling global trade referee. But,

he added, "as we have a counterpart, we don't know if things will go as we want."

Sakamoto went to Europe ahead of a ministers' meeting of the Organization for Economic Cooperation and Development (OECD) and received widespread European Union support for Japan's position in the bilateral auto trade dispute, Tsutsumi said.

He quoted the European side as saying the view is taking hold that U.S. "unilateral measures" must be criticized. The U.S. is wrong to insist that Japan allow joint dealerships since most European car dealers are one-maker specialists and Europe cannot accept U.S. calls for "parts purchasing quotas."

The Europeans also told Sakamoto they are interested in Japan's auto and auto parts market deregulation but want to hear more details from Tokyo, Tsutsumi said.

He repeated that MITI Minister Ryutaro Hashimoto does not plan to meet one-on-one with Commerce Secretary Ron Brown, Trade Representative Mickey Kantor or any other U.S. official during his current trip to Paris for the OECD gathering Tuesday and Wednesday.

The absence of Japan-U.S. meetings was conspicuous next to a spate of other bilateral talks scheduled for Hashimoto.

He is to meet later Monday with OECD chief Jean-Claude Paye, Mexican Secretary of Trade and Industrial Promotion Herminio Blanco and the French Minister of Industry, Posts, Telecommunications and Foreign Trade, Yves Galland, Tsutsumi said.

A planned meeting with Italian Trade and Privatization Minister Albert Clo had to be postponed but may take place after the conference, he said.

Official Appeals for EU Support

OW2005044795 Tokyo KYODO in English
0420 GMT 20 May 95

[FBIS Transcribed Text] Brussels, May 19 KYODO — A top trade negotiator from the Ministry of International Trade and Industry (MITI) met here with senior officials of the European Union (EU) Friday [19 May] to urge them to support Japan's position on the auto trade dispute with the U.S.

Yoshihiro Sakamoto, MITI vice minister for international affairs, presented a letter from MITI Minister Ryutaro Hashimoto to the officials of the European Commission, the executive body of the EU, urging their support.

Sakamoto said Martin Bangemann, a member of the European Commission, and other executives showed understanding for Japan's stance.

But the commission executives expressed concern that Japan may eventually discriminate against European products if it gives in to U.S. demands in the auto trade talks.

According to Sakamoto, one commission member said, "there is a possibility that Japan may discriminate against European autos in the Japanese market. In such a case, the EU will reserve the right to make a complaint with the World Trade Organization (WTO)."

The official reportedly said he can "by no means" agree with the U.S. demand that Japan set quotas for foreign auto parts purchases.

On a possible Japan-U.S. auto talks at the Group of Seven (G-7) industrial nations summit in Halifax, Canada in mid-June, Bangemann said that such a meeting is a good opportunity for Japan and the U.S. to continue trade talks, with other G-7 members observing.

Bangemann said, however, that political pressure against Japan may grow as the summit nears.

Sakamoto said his meeting with the commission has "convinced me more than ever before that Japan's current action is fairly supported by European countries."

Sakamoto is scheduled to meet British Trade and Industry Secretary Michael Heseltine on Saturday in London.

Trade Minister Hashimoto will meet with European Commission Vice Chairman Leon Brittan on Tuesday in Paris where a ministerial meeting of the Organization for Economic Cooperation Development (OECD) is being held.

Meanwhile, U.S. Trade Representative Mickey Kantor is scheduled to see Brittan on Wednesday in Brussels.

MITI Begins Hearings

OW2205141795 Tokyo KYODO in English
1409 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — The trade ministry has begun hearings from domestic automakers on the possible impact of U.S. sanctions over a bilateral auto trade dispute on the auto industry, trade officials said Monday [22 May].

The hearings by the Ministry of International Trade and Industry (MITI) follow the May 16 announcement by the administration of President Bill Clinton that it will impose 100 percent import tariffs on 13 selected models of Japanese luxury cars.

MITI intends to put together the results of the hearings by the end of the week, the officials said.

An official of the ministry's Machinery and Information Industries Bureau said, "It's almost certain that the employment situation at domestic carmakers will be affected if the manufacturers suspend exports (to the United States)."

Earlier in the day, Honda Motor Co. and Mazda Motor Corp. disclosed plans to suspend shipments to the U.S. of luxury cars cited in the preliminary list of sanctions against Japan.

Among the models involved are the Lexus of Toyota Motor Corp., the Infiniti of Nissan Motor Co., the Acura of Honda, the Millenia and 929 of Mazda and the Diamante of Mitsubishi Motors Corp.

Keidanren Stance in Auto Dispute Examined

*OW1905144995 Tokyo ASAHI SHIMBUN
in Japanese 18 May 95 Morning Edition p 2*

[Unattributed article]

[FBIS Translated Text] Shoichiro Toyoda, chairman of Toyota Motor Corporation and concurrently chairman of Keidanren [Federation of Economic Organizations of Japan], is increasingly worried about the Japan-U.S. automobile issue, in which he is directly involved. This is because there is a danger that the "bureaucratic" logic of the Ministry of International Trade and Industry [MITI], which is leaning toward taking the automobile case to the World Trade Organization [WTO], may go against the "private sector's" business-oriented logic.

On the morning of 15 May, Joichi Aoi, Keidanren vice chairman and concurrently Toshiba Corporation chairman, was present at Mr. Toyoda's meeting with Prime Minister Tomiichi Murayama, at the former's request.

Mr. Toyoda said: "I do not want to go. I want the vice chairman to come with me."

The meeting was officially designed to tell Prime Minister Murayama of Keidanren's support for the government's policy on the auto issue. However, they hardly discussed the auto issue. Bringing up the issue of transferring capital functions as a centerpiece of domestic demand expanding measures, Mr. Toyoda even stated: "If Mr. Murayama makes the decision, his name will be recorded in history."

Keidanren chairman is a "symbol of industrial circles." If the "position as chairman of Toyota" — which earns trade surplus and causes Japan-U.S. friction — comes to the fore, this may invite opposition by industrial circles. He was thinking that if U.S. sanctions against

Japan target not only automobiles but also products in other industries, this "would cause trouble for those industries." For this reason, he is relieved at the fact that for the time being the U.S. sanctions list announced on 16 May has been narrowed down to luxury cars.

However, points of compromise are still nowhere in sight. While Mr. Toyoda has so far expressed his support for MITI's intention to take the case to the WTO, he feels a certain sense of "concern."

He has reportedly assented to reports that "MITI does not have many channels with the U.S. Government." Many people in the industry who are engaged in overseas sales say that MITI "cannot cope with the auto issue if it only adopts a hard-line policy." For car makers, the idea of "free trade" is important, but, the "commercial rights" such as dealership networks in the United States, which they have established with much efforts, are more important. Their official comment is that they hope "Japan and the United States will calmly discuss the issue."

Toyota has no intention of complying with the U.S. demand that Japanese car makers "raise their targets for voluntary purchases of U.S.-made auto parts." Except for this demand, Toyota has many trump cards for negotiations. For example, it is able to increase the target number of cars produced and parts introduced in North American production, including Canadian, as well as to raise the percentage of parts procurement. Since the company is also seeking a cut in the unit price of auto parts, it cannot promise an increase in the amount of parts purchased. However, it says an increase "in quantity is possible." Mr. Toyoda is waiting for the negotiations to shift to the venue led by "the private sector."

Toyota has been the center of Japan-U.S. friction. When MITI asked Toyota to increase parts procurement in the United States and made other requests in the 1980's, it had always told the company that Toyota "was a leading company in the industry." Mr. Toyoda, who does not like the expression, had replied: "Toyota goes its own way." However, now that he has become Keidanren chairman, he has been forced to change his position.

U.S. Urged To Use Prudence in Imposing Sanctions

*OW1905141195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 19 May 95 Morning Edition p 15*

[FBIS Translated Text] Masami Iwasaki, vice chairman of Toyota Motor Corporation, told a news conference on 18 May that if the United States imposes punitive tariffs on Japanese luxury cars, "Japan's imports of U.S.-made parts for luxury cars will also be affected negatively."

In this way, he called on Washington to use prudence in imposing sanctions on Japan. Iwasaki was elected chairman of the Japan Automobile Manufacturers Association [JAMA] at a general meeting on 18 May. Referring to Toyota's plan to import GM cars, he emphatically said: "Cooperation has been promoted between Japanese and U.S. automakers." The following is the gist of his remarks made at the news conference.

a. The JAMA will do its best to prevent Washington from imposing sanctions on Japan. Specifically, it will make efforts to win understanding from the United States.

b. Sanctions will have great impact. Employment problems will crop up at home and abroad, including in U.S. dealerships and plants. Although Toyota imports all leather seats and 80 percent of airbag inflators for its "LS-400" model (which is called Cercio in Japan), the imports will be affected because the model is listed as an item subject to sanctions.

c. Japan-U.S. cooperation has been fully and satisfactorily promoted at the private level. President John Smith of General Motors is said to be opposed to sanctions against Japan. Toyota has imported many parts from GM's parts section. It plans to sell 20,000 units of GM's "Cavalier" model annually in Japan from 1996.

d. It is impossible for Japanese automakers to buy more U.S.-made parts. They procure parts under their voluntary procurement plans, thus it is basically improper for them to buy more in compliance with U.S. demands. The Japanese Government filed a complaint with the World Trade Organization and we support the action.

MITI's Sakamoto Interviewed on Trade Dispute

AU2205124995 Hamburg DER SPIEGEL in German
22 May 95 pp 102-103

[Interview with Yoshihiro Sakamoto, vice minister for international affairs in the Japanese Ministry for International Trade and Industry, by unidentified DER SPIEGEL correspondent; place and date not given: "'Insufficient Efforts'"]

[FBIS Translated Text] [DER SPIEGEL] Mr. Sakamoto, can a trade war with the United States be prevented?

[Sakamoto] Yes, but that depends on Washington. Washington wants us to make our car producers significantly increase the use of automotive supplies "Made in the U.S.A." But we think that this is not a matter of governments, but of private companies. We are against governments interfering with private competition. But the United States insists on this and has now further increased its demands in the negotiations on market ac-

cess — for automotive parts and marketing networks. This has made redundant several things on which we had long agreed.

[DER SPIEGEL] The United States sees Japan's trade practices impairing its market access. Washington's Trade Representative Mickey Kantor particularly complains about the close connection between Japanese producers and dealers.

[Sakamoto] The Americans' charges completely contradict the facts. Now the United States is complaining, but European producers — Mercedes-Benz, BMW, Volvo, and others — have established trading channels in Japan themselves; they invested there and increased their sales themselves. They began to do this as long as 20 years ago. But back then the United States' "Big Three" were not interested in the Japanese market.

[DER SPIEGEL] Now they seem to have rediscovered Japan. Why do you not make market access easier for U.S. car companies?

[Sakamoto] Eighty percent of Japan's automotive market consists of cars of the two-liter type or less. The U.S. "Big Three" have not launched one single model in the Japanese market for these 80 percent, while European producers are already represented here with some 150 such models. As far as cars above the three-liter class are concerned, the U.S. market share has risen to 28 percent. That shows that the "Big Three" are easily able to sell their cars if they undertake the necessary efforts in certain fields.

As you will know, we drive on the left side of the road in Japan. Yet, the "Big Three" only offer two models that have the steering wheel on the right-hand side and are thus suitable for the Japanese market. The Europeans offer as many as 120 models.

If the "Big Three" say that our market is particularly closed, they are only diverting attention from their insufficient marketing efforts.

[DER SPIEGEL] Even Japanese companies say that the domestic market is not really open and that prices are still being kept high artificially. Drivers in your country pay much more for spare parts than European drivers.

[Sakamoto] With a view to the U.S.-Japanese talks, the Transport Ministry has already greatly relaxed legal regulations for spare parts. As to the rest, these are regulations for road safety and environment protection. That has nothing to do with discrimination against other countries or trade barriers.

[DER SPIEGEL] What do you consider the main reason for the failure of the Japanese-U.S. trade talks?

[Sakamoto] The talks have not led anywhere because the United States has demanded a government agreement on the supply of U.S. spare parts. That has nothing to do with improving market access. If Kantor says there are problems with market access, this absolutely contradicts the facts. There are also people who say that if no agreement is achieved on the 'quota,' there must be no agreement on market access either.

[DER SPIEGEL] Your ministry accuses the United States of "controlled trade." In 1986, Japan concluded the first agreement with the United States on increasing supplies of foreign semiconductors. In 1992, you and Washington agreed on a "voluntary" action plan for the purchase of U.S. car parts. Could it not be that it was such agreements that fueled the Americans' interest?

[Sakamoto] That is partly true. But politics and industry have changed dramatically in Japan since then. In the future, we want to keep the fields of government and industry apart. We want to conduct a deregulation policy at home and are trying to follow a consistent course abroad.

When we made concessions to the United States with the semiconductors and the voluntary action plan in 1992, they interpreted it to mean firm promises and pushed us to put them into effect. The U.S. Congress has adopted a law that threatens to impose sanctions on us, if we do not observe the voluntary action plan. Nobody wants to go through such a situation again.

[DER SPIEGEL] Does that mean that Japan feels deceived by the United States?

[Sakamoto] This is a story of deceptions. The United States has always interpreted our concessions in its own favor, it has actually abused them.

World Reaction to Trade Dispute Outlined

OW2105115395 Tokyo MAINICHI SHIMBUN
in Japanese 18 May 95 Morning Edition p 9

[Article: "Growing Possibility of WTO Arbitration; Europe Concerned About Repercussions"; second in a series entitled "Japan Said 'No,' But... ; List of Sanctions Against Japan Announced"; co-authored by Kenji Banto, correspondent in Hong Kong, Toshihiko Nishi, correspondent in Paris, and Yoshiyuki Watanabe, correspondent in New York]

[FBIS Translated Text] Governments and the auto industries of the world's number one and number two economic powers are coming toward a major showdown over auto parts, which are merely parts no matter how large the amount involved may be. We have received reports on this issue from various countries, who are relatively small compared with these two powers. We

have also taken a look at how the American people outside the government view the matter.

Hong Kong

In Hong Kong, commentaries were conspicuously critical of Japan. The economic newspaper HSIN PAO commented: "The problem lies in the fact that Japan is protecting its own market while saying it has the right to export freely. Fed up with its huge trade deficit, the United States now is about to take punitive actions." The newspaper called on Japan to make concessions, saying, "There is still time for Japan to 'surrender'."

HONG KONG LIEN HO PAO in its editorial admitted that "it is difficult for a third party to understand the truth of the matter," but added, "Japan's share of the United States market has far surpassed the United States' share of the Japanese market. Such imbalance is seen not only in the United States, but also in other countries." The newspaper declared, "There is no denying that Japan's auto market is not open."

Taiwan

In Taiwan, meanwhile, some commentaries were critical of the United States. In its editorial, the CHUNG-KUO SHIH-PAO commented: "Other countries are displeased with the fact that the U.S. Government is giving precedence to its domestic law counter to the rules of international trade. The GATT had limitations to what it could do to arbitrate disputes, but we now have the World Trade Organization (WTO) which we expect to carry out the role of putting restraints on the U.S. exercise of its Trade Act's Section 301 (provision on sanctions against unfair trade practices). The newspaper thus expressed hope for the WTO's capabilities to arbitrate in the matter."

France

The French news media position on this issue was ambiguous in general. They introduced positions and counter-positions of both the United States and Japan, and asserted the two countries are deceiving each other. Thus they do not give their views on which side is correct. They are more concerned about the possibility that sparks from the battle between the angry pair will fly to Europe.

The influential daily LIBERATION carried a comment of a French Government official who said: "Over trade issues, Europe has been put to all kinds of trouble by both Japan and the United States. We must watch carefully how the WTO will arbitrate their dispute."

European Union

Britten, deputy commissioner of the European Union (EU), remarked: "We must be on alert so that the Japan-U.S. dispute may not come to impair the interests of the EU."

The deputy commissioner also said that he wants to meet with representatives of Japan and the United States separately on the occasion of the OECD [Organization for Economic Cooperation and Development] ministerial council meeting to be held in Paris on 23 and 24 May.

U.S. Dealers

The Japanese auto companies which are operating in the United States are shocked. A manager of U.S. Honda said: "If the sanctions are imposed, that will have a great impact on dealerships which have come to gain trust in the U.S. market after a long effort."

The American International Automobile Dealers Association (AIADA) said, "If things go on this way, we have no choice but to take actions like laying off people." The National U.S. Dealers Association complained harshly: "The U.S. government's action is not fair. Even if punitive fines are charged on Japan, the people who suffer are the Americans (dealers as well as consumers)."

As regards the models of luxury cars to be subject to the sanctions, in the United States there are now 168 dealers handling Toyota's Lexus models, 150 dealers handling Nissan's Infiniti models, and 300 dealers handling Honda's Acura models. If 100-percent retaliatory duties are imposed, these dealers will come to suffer major damages. On the other hand, if one stops and thinks whether the sanctions will benefit U.S. automakers, he will come to realize that this may not necessarily be the case.

The competing U.S. cars are General Motors' Cadillac Seville, El Dorado, and De Ville; Ford Motors' Lincoln-Mercury Continental and Towncar; and Chrysler Motors' LH series. But all of these cars are bigger than Japanese rivals in size, and are fundamentally different from the more sporty Japanese cars. In other words, there is not much overlap in the class of customers who buy bigger cars.

Actually, what can replace the Japanese cars are the European cars. Such high-class cars as BMW, Bentz, and Audi are likely to take over the customers who move away from the Japanese cars.

World Reaction Expanded

OW2205102095 Tokyo MAINICHI SHIMBUN
in Japanese 19 May 95 Morning Edition p 9

[Third article in series entitled: "Japan Said 'No,' But..." by Hiroshi Komatsu, Washington correspondent; Koji Uemura, Beijing correspondent; Ryoichi Mihei, Moscow correspondent; and Naoki Fukuhara, Geneva correspondent: "U.S. Reporter Coolly Says 'Japan Will Eventually Make Concessions'"]

[FBIS Translated Text] What are the world's reactions to the Japan-U.S. auto trade negotiations, which were finally brought to the World Trade Organization (WTO)? The following are reports from our correspondents.

U.S. Mass Media

Washington — When U.S. Trade Representative Mickey Kantor announced sanctions against Japan, the White House Conference Room was nearly bursting with Japanese and U.S. reporters. A reporter of NATIONAL AFFAIRS magazine noted "I am definitely interested in the issue as an economic reporter," but he showed a cool reaction to the sanctions list, saying: "It appears the list was carefully compiled. Ordinary U.S. citizens are unlikely to complain because it is intended only for luxury cars."

Another U.S. reporter standing by him said: "Japan may have a good chance to win if the final judgment is entrusted to the WTO." However, he noted the dispute can be settled by concessions from Japan "as usual," saying: "It seems the U.S. Government is 100-percent certain that Japan will yield to the United States sooner or later. I guess the two nations may reach an agreement before implementation of the sanctions."

China

Beijing — Anti-U.S. sentiments arose among Chinese intellectuals when the United States opposed China's admission into the WTO last year. At that time, Chinese reporters often told us: "The United States is so mean. Japan must be feeling the same way. Please comment."

So far, Chinese newspapers are handling the Japan-U.S. auto trade war in an objective manner. But China's true opinion is seen in recent reports as follows: "Opinions of some quarters in the Japanese public say Japan must stop making concessions in view of U.S. pressure" (as noted by a commentary in RENMIN RIBAO) and "Japan made no concessions throughout the latest round of auto negotiations" (as noted by Beijing ZHONGGUO QINGNIAN BAO).

In addition to encountering trade friction, China has recently carried on difficult negotiations with the United

States over the issue of intellectual property rights. Thus, China has a very deep interest in the future direction of Japan-U.S. negotiations. Probably, China's true opinion is: "Stick to it, Japan!"

However, Chinese economic official said: "Negotiating is a diversion relying on all sorts of capabilities." He noted the winner is the one who obtains profits from the negotiations, rather than the one who carries on fair negotiations. China intends to carefully watch the developments regarding a complaint filed by Japan.

Russia

Moscow — When the WTO was still functioning as the GATT, Russia once applied for full-fledged membership in the international trade body; however, its admission is still not on the agenda. Russia is watching the development of the Japan-U.S. auto trade dispute from the standpoint of a third party. KOMMERSANT-DAILY commented: "The entity being tested is the WTO, rather than the disputing countries. The dispute is a test of the position and functions of the new international body."

The paper noted that Renato Ruggiero, the newly-inaugurated WTO director general, may feel indebted to the United States for the nation's special support for his election as head of the WTO. In this regard, the paper predicted the United States may have some advantages in the dispute with Japan at the WTO.

WTO

Geneva — In line with the WTO's policy of maintaining a fair and neutral stance, Director General Ruggiero calmly said "the WTO hopes that both Japan and the United States will follow trade rules." However, WTO sources noted that Director General Ruggiero apparently disagrees with U.S. actions concerning this issue. A senior WTO official said "the U.S. actions go against our efforts heretofore."

In response to MAINICHI SHIMBUN's telephone interview, several trade representatives stationed in Geneva, including those from European countries, expressed negative views concerning the U.S. announcement on sanctions against Japan. Most respondents said "we are not satisfied with Japan's exclusionary market policies, but the attitude of the United States is a greater problem."

Editorial Discusses Auto Dispute With U.S.

OW2005101295 Tokyo ASAHI SHIMBUN
in Japanese 18 May 95 Morning Edition p 5

[Editorial: "We Are Certain That Japan and U.S. Can Make Mutual Concessions"]

[FBIS Translated Text] Because of the ruptured Japan-U.S. negotiations on auto and auto parts, the U.S. Government has announced a list of products for possible sanctions against Japan based on Section 301 of the U.S. Trade Act. This is a selfish action, in which the United States is playing the role of both public prosecutor and judge.

It is only natural that the Japanese Government filed a formal complaint with the WTO, saying: "It is a one-sided measure in violation of WTO agreements." The proper way to protect global free trade is to aim at settling trade disputes through multilateral forums.

However, we are certain that for the U.S. Government, sanctions are a means to pry open the Japanese market, rather than an objective itself. Making it easier for more American-made cars and parts to be sold in the Japanese market would serve the interest not only of the United States, but also of Japanese consumers.

If Japan and the United States needlessly lock horns, they may also jeopardize mutual trust. They should seek a breakthrough through bilateral talks at every opportunity, including that of the ministerial meeting of the Organization for Economic Cooperation and Development (OECD), which is scheduled to be held next week.

The proposed sanctions announced by U.S. Trade Representative Mickey Kantor call for raising the tariffs on 13 models of Japanese luxury cars to 100 percent, which will virtually end imports of those models. Such punitive tariffs are expected to amount to a record high level of 5.9 billion dollars. This list is expected to be narrowed down by the end of June. Nonetheless, the sanctions are a blatant protectionist measure.

The Clinton administration daringly chose the forcible measures out of political calculations — in preparation for his campaign for reelection in the fall of next year — in a bid to win support in the midwest, where auto and auto parts manufacturers are concentrated. He may also have counted on Japan eventually conceding to U.S. pressure. But this is a risky gamble.

The end result is not simply that American sales agents who deal in luxury Japanese cars may go out of business because of an end to the imports of those cars, which will fuel their anger. Due to restrictions on Japanese competition, it would be easier for American

automakers to raise the prices of their cars and American consumers would have less choice. Because of that, consumer discontent is likely to mount. The United States, which has prided itself on being the champion of free trade, would also inevitably lose some of its reputation in the international community.

There is no need for Japan to give ground on unreasonable demands for the simple reason that the United States unsheathed the sword of sanctions. The United States wanted to have Japan extend the Japanese auto manufacturers' "voluntary" plans, made during the Bush administration, for purchasing foreign manufactured auto parts and increasing planned purchases.

It stands to reason that Japan refused on the grounds that "setting numerical targets and promising to live up to them would result in managed trade."

However, at a time when auto-related products account for two-thirds of Japan's trade surplus with the United States, the Japanese auto manufacturers need to make greater efforts to buy more American-made parts. The purchase of American products, which have become cheaper due to the yen's soaring value, will also help in cutting costs.

In this regard, a plan — reportedly suggested by the United States before the intergovernmental talks failed — for Japanese auto makers to announce their own purchase plans and note that the figures are not promises, could be a key to the solution. There is room for concessions from both Japan, which has flatly refused to adopt any numerical target, and the United States, which has tried to pin the entire responsibility for realizing the targets on the Japanese Government.

What should be avoided in connection with the proposed sanctions is for Japan to react emotionally to the U.S. hard-line tactics and to lose sight of any prospect for settling the issue. If the Murayama administration persists in doing nothing but taking its complaint to the WTO, Japan-U.S. relations as a whole may suffer.

Japan's huge overall current account surplus, which amounts to an annual 130 billion dollars, has not only strained economic relations between the two countries. It is also the biggest obstacle for Japan in paving its way to becoming a "quality life superpower." It is time for Japan to make a medium-term plan for reducing the current account surplus and boldly tackle deregulation and the stimulation of the domestic demand.

Editorial on Settling Trade Dispute at WTO

OW2005005995 Tokyo *NIHON KEIZAI SHIMBUN*
in Japanese 18 May 95 Morning Edition p 2

[Editorial: "Auto Issue Should Be Resolved Not Politically But Through the WTO"]

[FBIS Translated Text] Following the breakdown of the Japan-U.S. auto talks, U.S. Trade Representative Mickey Kantor announced a list of sanctions that can be meted out against Japan. The action calls for imposition on Japanese luxury cars of 100-percent tariff duties that can be translated into \$5.9 billion. Such a unilateral measure goes against World Trade Organization (WTO) rules. It is regrettable that the United States — the country that should be supporting the WTO system — should think it is only natural to resort to such high-handed means. That will leave much hard feelings with the people living in the free trade system.

What is important here is that both the Japanese Government and the auto industry must act calmly. It was wise that the government decided not to take retaliatory action. The Japanese Government's filing of an action against the U.S. Government with the WTO was a course of action appropriate for the modern times when international trade increasingly involves a multiple number of nations rather than two nations.

It was absurd to include the auto talks in the Japan-U.S. economic consultations to begin with. The U.S. Government apparently thinks that the main cause for its huge trade deficit with Japan is the imbalanced auto trade. However, those who decide to buy automobiles or auto parts are consumers and automakers, and not the Governments of Japan or the United States. This matter lies beyond the governments' control. There is no way for the talks to make headway however much time may be put in debate.

Japanese automakers' plans for the purchase of foreign-made parts have been the centerpiece in the negotiations, but the International Trade and Industry Ministry has no right to meddle in the formulation of such plans. Nor is the U.S. Government in a position to make any complaints. The U.S. demand on upscaling the foreign part purchase plans was tantamount to a demand for setting numerical targets, and that would lead to practicing managed trade. The entire world community, except for the U.S. Government, agrees on that. It would be impossible for the Japanese Government to accept such a U.S. demand.

The U.S. Government also appears to believe that if it keeps on pounding on the Japanese Government, the latter will break in the final minutes of negotiations. The U.S. Government does not see that Japan's economic

system has changed in a way that no longer permits administrative intervention.

The Clinton administration now has hopes of arriving at a political settlement on the auto issue at the industrial nations' summit (Halifax summit). But however hard the top national leaders may discuss it, there is no way for them to do any good on this issue which can only be decided by consumers and industries. Easy compromises made in the name of political settlement have created seeds of trouble in the past. Both the Japanese Government and industries have learned hard lessons from many bad experiences.

Of course, there is a problem in the Japanese Government's position of keeping on saying no while the problem of Japan's huge current-account surplus is left unattended. The long-lasting huge surplus has not only aggravated the international community's complaints, but also has taken away the meaning of abundance from the Japanese people. It should be the choice of the Japanese people themselves to do all they can to cut back on the surplus by implementing macroeconomic policy measures and deregulation measures. Meanwhile, the United States should do its part in reducing its current-account deficit by reducing the finance deficit and improving the savings rate.

Above all, world trade is now going into a new phase, and this new phase demands that such individual trade issues as the one on automobiles be handled by an international arena like the WTO. Japan and the United States should hold frank talks under WTO rules. They must also frankly accept rulings handed out on the case by the panel.

It may be difficult for the WTO, which has only started, to handle the clash between the two economic superpowers — Japan and the United States. However, this is the first test for the WTO system, and is a chance for the WTO to prove itself.

U.S.-DPRK Nuclear Talks in Malaysia Previewed

*OW1905132195 Tokyo KYODO in English
1246 GMT 19 May 95*

[FBIS Transcribed Text] Kuala Lumpur, May 19 KYODO — The United States hopes to "very quickly resolve" differences with North Korea on provision of light-water nuclear reactors in talks opening Saturday [20 May] in Kuala Lumpur, a senior U.S. negotiator said Friday.

Meanwhile, a North Korean diplomat in the Malaysian capital predicted there will be "absolutely no change" in Pyongyang's refusal to accept the modern reactors from South Korea.

An accord signed between Washington and Pyongyang last October in Geneva provides for an international consortium to be set up to provide North Korea with light-water reactors to replace the older graphite-moderated models.

The U.S. also vowed to organize the provision of alternative energy sources, including supplies of heavy fuel oil for electrical generation.

In return, Pyongyang pledged to freeze its nuclear program, which was suspected of developing nuclear weapons, and to eventually dismantle its current reactors, which are capable of producing weapons-grade plutonium.

"We hope that we can very quickly resolve the problems that have been standing in the way of full implementation of this accord and then put everything back on track," said Thomas Hubbard, U.S. deputy assistant secretary of state for East Asian and Pacific affairs.

Two negotiating teams led by Hubbard and North Korea's Vice Foreign Minister Kim Kye-kwan are expected to hold several days of talks, alternating between the two countries' embassies, in an effort to overcome differences that resulted in a rupture of expert-level talks in Berlin on April 21.

Hubbard told reporters upon arrival here that the stalled accord is "very important to the United States, very important to our allies in this region and very important for regional stability."

Implementation of the accord has been bogged down by Pyongyang's refusal to accept reactors from South Korea.

A North Korean diplomat told KYODO NEWS SERVICE that Pyongyang cannot accept them because "technically, their safety cannot be guaranteed." He also suggested that Seoul has "political motivations" in wanting to supply them.

"Our stance has been made perfectly clear on a number of occasions," the diplomat said. "There is absolutely no change in that stance."

He called on Washington to "honestly implement" the October agreement, saying the North will be "assessing the sincerity of the U.S. attitude" during talks in Kuala Lumpur.

Washington says no viable alternative is available since no other country except South Korea would be willing to foot the lion's share of the 4 billion dollar bill.

Seoul has said it will not shoulder the costs for any other model than its own.

Prospects for a successful outcome of the talks have dimmed considerably since Pyongyang has threatened to end the freeze on its nuclear program if it is unable to procure its reactors from a country other than South Korea.

The U.S. has warned that in such an event it would seek sanctions against North Korea in the UN Security Council and undertake preparations to counter any military threat from the hard-line communist state.

However, Hubbard said the U.S. delegation plans "to work hard" on resolving the issue in Kuala Lumpur before events take a turn for the worse.

South Korea's YONHAP NEWS AGENCY earlier Friday quoted Seoul officials as saying the U.S. is expected to offer North Korea incentives for accepting the South Korean model.

The officials, who arrived in Kuala Lumpur to confer with U.S. and Japanese officials amid the talks, reportedly said those incentives include expediting delivery of 100,000 tons of heavy fuel oil already promised to North Korea, as well as early establishment of liaison offices between Washington and Pyongyang.

U.S. Secretary of State Warren Christopher told the Senate Foreign Operations Subcommittee Thursday that while Washington is "going forward" with such a plan, "those liaison offices will also take into account the status of our negotiations."

"If we are making progress in negotiations, the liaison offices will proceed," he said.

Meanwhile, the South Korean officials reportedly predicted that talks may run into trouble with North Korea's likely broaching of the issue of replacing the Korean armistice treaty with a peace pact.

YONHAP said the U.S. has assured South Korea that it will seek to persuade the North to deal directly with South Korea on that issue.

Daily on U.S.-DPRK Talks in Kuala Lumpur

OW2205103295 Tokyo SANKEI SHIMBUN
in Japanese 20 May 95 Morning Edition p 2

[FBIS Translated Text] In view of the start of the preparatory meeting for sub-cabinet level talks between North Korea and the United States on supplying North Korea (DPRK) with light-water reactors in Kuala Lumpur on 19 May, the Foreign Ministry dispatched Yukio Takeuchi, councilor at the Asian Affairs Bureau, to Malaysia [19 May].

The sub-cabinet talks involving Thomas Hubbard, U.S. deputy assistant secretary of state, and Kim Kye-kwan, North Korean vice foreign minister, are only one rank

lower than earlier negotiations by Robert Gallucci, U.S. envoy in charge of the Korean issue, and Kang Sok-chu, DPRK vice foreign minister. The talks will attempt to work out a breakthrough following the failure of working level negotiations in Berlin, which broke down on the issue of installing "ROK-type" light-water reactors.

The Foreign Ministry is assigning Takeuchi, who has been in charge of working level talks involving Japan, the United States, and South Korea together with Hubbard and who has valuable personal connections relevant to the issue, to engage in information gathering.

Takeuchi is also the official in charge of working level talks on normalization of relations between Japan and North Korea. Although it is said that "contacts between Japan and the DPRK are totally out of the question," (according to a Foreign Ministry source) Japan wants to closely watch North Korea to determine its true intent and probable course of action.

With regard to the issue of reopening normalization talks between Japan and North Korea, the first unofficial government level discussion was held around 10 April, after the ruling parties sent a delegation to Pyongyang. Japan called for the reopening of talks at this meeting, but has not received a positive response from the DPRK.

The Foreign Ministry is very keen about the Kuala Lumpur talks, because prospects for the United States and North Korea to reach an agreement remain uncertain.

Murayama Urging G-7 To Fight Terrorism

OW2105083595 Tokyo KYODO in English
0825 GMT 21 May 95

[FBIS Transcribed Text] Tokyo, May 21 KYODO — Prime Minister Tomiichi Murayama will call for international cooperation in strengthening measures against terrorism at the Group of Seven (G-7) summit to be held next month in Halifax, Canada, Japanese Government sources said Sunday [21 May].

Following the March 20 deadly nerve gas attack on the Tokyo subway system and other acts of violence believe related to the religious sect Aum Shinrikyo, Murayama's advocacy of new measures against terrorism will be at the top of the political agenda at the summit, the sources said.

The leaders of the seven top industrial nations will also discuss such political issues as Russian problems, measures to stop proliferation of weapons of mass destruction, and reforming UN organizations in the post-Cold War era, the sources said.

Welcoming the accord at a UN conference on the indefinite extension of the nuclear Nonproliferation Treaty (NPT), Murayama will urge other G-7 leaders to make more efforts toward ultimate abolition of nuclear weapons.

With China's nuclear tests on May 15 in mind, Murayama will ask nuclear powers to suspend nuclear experiments and conclude a comprehensive test ban treaty, the sources said.

The G-7 groups Britain, Canada, France, Germany, Italy, Japan and the United States.

Russia will join political discussions at the summit as it did at the Naples Summit last year.

The G-7 nations are expected to express renewed concern over Russian military incursions into Chechnya since last December, and demand Russian President Boris Yeltsin stick to his reform policy.

The U.S. is likely to request other G-7 members to follow its economic sanctions against Iran over its suspected nuclear weapons program and alleged support of international terrorism.

It is possible the U.S. will ask Japan to suspend yen loans to Tehran, the sources said.

The G-7 nations will also take up as one of the main political issues how to reinforce UN functions to make the world body more effective in dealing with regional conflicts in the Cold War era.

But the issue of reforming the UN Security Council is unlikely to be on the political agenda at the summit out of consideration of opposition from nonaligned nations to deliberations on the issue only within the G-7 group.

Other political issues will include the suspected nuclear development program in North Korea and the international consortium's planned supply of light-water reactors to Pyongyang.

Also, the sources said, the G-7 nations will talk about ongoing conflicts in the former Yugoslavia and extending support for the peace process in the Middle East, as well as the lifting of economic sanctions against Iraq, a move proposed by France and Russia.

At the end of the political talks, the G-7 nations and Russia will issue presidential statements as the "G-8" to express the group's stand on those political issues, the sources said.

Russian Spokesman on Export of Nuclear Plants

OW2005020595 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 19 May 95 Morning Edition p 9

[By Toshihiko Kaya]

[FBIS Translated Text] Moscow, 18 May — Russia is eager to export nuclear plant facilities overseas. In addition to known deals in supplying facilities to Iran and China, it has reached a basic agreement with Cuba and Slovakia on resuming construction of nuclear plants in these countries that have been suspended since the days of the Soviet Union. Russia is expected to conclude a supply contract with India in June, and is also very much interested in supplying its equipment to the DPRK (North Korea).

The Russian nuclear power energy industry is making efforts for exports as a way of securing jobs in the industry as well as maintaining its technology. President Yeltsin approves of such efforts as long as the facilities are for public use. However, now with the Russian nuclear industry going all out for increased exports, there is also likely to be friction over this with the United States and other Western countries, which are concerned about the safety of Russian-made nuclear plants as well as about the possible conversion of the equipment into military purposes.

In an interview with NIHON KEIZAI SHIMBUN, Kaulov [name as published], spokesman for the Russian Ministry of Atomic Energy, said he expects Russia to conclude soon a contract with India on two "VVER-1000's," the newest model of pressurized light-water reactors (with generation capacity of 1 million kw each). This deal was initially agreed on by India and the former Soviet Union in 1988, but was shelved following the Soviet Union's collapse.

As far as deals with Cuba and Slovakia are concerned, Russia has recently arrived at an agreement with them on resuming and completing Soviet-made nuclear plants that were abandoned in the middle of construction. The plant to be built in Cuba is a "VVER- 440" reactor (with generation capability of 440,000 kw), and the project will be carried out through a joint venture formed among five companies from Europe and Brazil. The Slovakia project is to complete Mokhovze [name as published] Nuclear Station (two VVER- 440 reactors), and Russia has decided to provide a credit of \$150 million for the project.

Asked about Russia supplying reactors to Iran, which was a major point of debate at the 10 May U.S.-Russia summit, Spokesman Kaulov rejected the Western nations' concerns, saying: "We never had plans to sell a gas centrifugal separator to begin with." He reiterated

President Yeltsin's position saying "supplying main parts of nuclear plants does not constitute violating any international law or treaty." The spokesman said: "We are sure we can gain U.S. understanding through consultations."

Russia is so interested in exporting nuclear power plants because the exports can be a valuable source of income for its nuclear power industry. According to Atomic Energy Minister Mikhaylov, his ministry "has 2.5 million people under employ" in the areas of nuclear power generation and nuclear arms. And institutions and facilities under the ministry are now in financial difficulty as a result of reductions in government subsidies and large arrears in payments for power utility charges by corporations. Given these conditions, the minister is hoping that "nuclear power plant exports will rescue the nuclear power industry." Russia's exports [of nuclear power equipment] rose from \$1 billion in 1993 to \$1.2 billion in 1994, and are expected to run to 1.5 billion this year. The country hopes to export \$2 billion per annum eventually.

However, it is very likely that Russia's increased exports [of nuclear power equipment] will create concerns among Western countries. It is particularly possible that the United States will complain about its supply of equipment to India, which is not a signatory to the Nuclear Nonproliferation Treaty (NPT).

Draft Communique Shows OECD Priority on Jobs
OW2105082295 Tokyo KYODO in English
0808 GMT 21 May 95

[FBIS Transcribed Text] Tokyo, May 21 KYODO — The Organization for Economic Cooperation and Development (OECD) will give top priority to high unemployment rates as an impending issue, a draft communique for a ministerial meeting in Paris next week showed Sunday [21 May].

The draft of the communique to be adopted at the two-day OECD ministerial meeting opening Tuesday, a copy of which was obtained by KYODO NEWS SERVICE, says "unemployment rates remain unacceptably high in a number of countries," while adding that significant economic recovery has been achieved in most OECD economies.

The draft urges OECD members to "strengthen our societies by fighting unemployment as the top priority, particular youth and long-term unemployment."

The draft shows the OECD's determination to "sustain noninflationary growth through appropriate macroeconomic policies and further structural reforms, thereby

ensuring shared prosperity and generating a stable economic and financial environment."

In order to strengthen the multilateral system under the World Trade Organization (WTO) inaugurated in January, the draft urges members to "complete the full implementation of the Uruguay Round agreements, assure a strong and effective WTO and maintain the momentum of trade liberalization."

It also urges immediate commencement of negotiations in the OECD on a multilateral agreement on investment and an agreement by 1997 to provide a broad multilateral framework for "the liberalization of investment regimes and investment protection and with effective dispute settlement procedures."

As major tasks for the structural reforms, the draft cites abolition of unnecessary regulations, improvement in the functioning of labor markets and creation of conditions in which small and medium-sized enterprises can flourish, as well as macroeconomic policies.

The draft also points out the pressing need for sustainable fiscal positions to generate greater savings and resolve important fiscal problems including health care and the emerging demands of an aging society.

The OECD meeting will discuss the draft further at ministerial and working levels before adopting a communique.

Japan wants to include a statement that a recent U.S. sanctions list released after U.S.-Japan auto trade talks failed is contrary to WTO rules banning unilateral measures but the United States is expected to oppose the move, Japanese sources said.

Hashimoto, Komura Leave for OECD Meeting

OW2105041895 Tokyo KYODO in English
0339 GMT 21 May 95

[FBIS Transcribed Text] Tokyo, May 21 KYODO — Japanese Trade Minister Ryutaro Hashimoto and Economic Planning Agency (EPA) head Masahiko Komura left Tokyo on Sunday [21 May] to attend a ministerial meeting of the Organization for Economic Cooperation and Development (OECD) to be held in Paris next week.

International Trade and Industry Minister Hashimoto left for Paris for the OECD meeting slated for next Tuesday and Wednesday, while EPA Director General Komura left for London to meet British Government officials before going to Paris.

OECD To Take Up Currency Market Issue

OW1905014095 Tokyo KYODO in English
0057 GMT 19 May 95

[FBIS Transcribed Text] Tokyo, May 19 KYODO — Currency market developments will be a major topic at an international ministerial meeting next week in Paris, the head of the Economic Planning Agency (EPA) said Friday [19 May].

EPA Director General Masahiko Komura told a press conference after the day's cabinet meeting that he believes the participants in the Organization for Economic Cooperation and Development (OECD) meeting will also discuss macroeconomic measures.

Ministers in charge of foreign affairs, economy and trade from 25 industrial nations are scheduled to attend the two-day meeting opening in Paris on May 23.

Reaction to PRC Nuclear Testing Reported**Tokyo To Reduce Grants**

OW2205080395 Tokyo KYODO in English
0751 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — The government announced Monday [22 May] it will reduce grants-in-aid to China to protest its recent nuclear test.

Chief Cabinet Secretary Kozo Igarashi announced the step and expressed strong regret over the underground nuclear test May 15.

Japan granted China a total of 7.8 billion yen in fiscal 1994 for projects in medical, educational and humanitarian fields. No grants have been extended so far this fiscal year, which began in April.

Vice Foreign Minister Kunihiko Saito told a press conference later in the day that he hopes Japan's latest decision will not have a negative impact on Sino-Japanese relations.

"Japan-China relations are very important for Japan and Japan has a strong interest in maintaining friendly bilateral ties," Saito said. "I hope that the latest incident will not harm bilateral relations."

Saito said he believes the Chinese government will understand the Japanese action since Tokyo has repeatedly conveyed its stand on nuclear tests.

Asked whether Japan may cut official yen loans to China if Beijing goes ahead with another nuclear experiment, Saito said he did not want to discuss the matter as Japan hopes China will not conduct any more nuclear tests.

Murayama Urges Disapproval

OW2205044095 Tokyo KYODO in English
0424 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Prime Minister Tomiichi Murayama proclaimed Monday [22 May] the need for Japan to make clear its disapproval of China's continued nuclear testing.

At a meeting of the leaders of the government and the ruling parties, the premier described the Chinese nuclear test conducted May 15 as "quite regrettable." Deputy Chief Cabinet Secretary Hiroyuki Sonoda told a news conference.

Murayama also said China's continued nuclear testing is not "favorable" as Japan is striving for total abolition of nuclear weapons and the world is moving in the direction of nuclear disarmament, according to the government spokesman.

The premier was quoted as saying he has instructed the Foreign Ministry to come up with specific measures to convey Tokyo's displeasure to Beijing.

The planned measures featuring a reduction in Japan's grant-in-aid to China is due for release Monday afternoon, Chief Cabinet Secretary Kozo Igarashi said earlier in the day.

China set off a nuclear test explosion as the first of five trials the country is expected to carry out this year. It was also the first Chinese nuclear experiment since last October.

The test angered Tokyo because it came shortly after the nuclear Nonproliferation Treaty was extended indefinitely and after Murayama urged Chinese Premier Li Peng to halt the country's nuclear testing during his China trip in early May.

Japan granted China a total of 7.8 billion yen in fiscal 1994 for projects in medical, educational and humanitarian fields. No grants have been extended thus far the current fiscal year, which started April 1.

Tokyo has already lodged a formal protest against China for its nuclear testing.

Aid Policy Report Due 22 May

OW2205040495 Tokyo KYODO in English
0322 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Japan will nail down its policy Monday [22 May] afternoon on a proposed reduction in its grant-in-aid to China as a way of expressing disapproval over Beijing's continued nuclear testing, a government spokesman said.

Chief Cabinet Secretary Kozo Igarashi told a news conference that Prime Minister Tomiichi Murayama ordered the Foreign Ministry on Friday to weigh a cut in Tokyo's aid and report back Monday afternoon.

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Taiwan Policy To Remain Unchanged

OW2205130595 Tokyo KYODO in English
1237 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Japan will not change its Taiwan policy despite a U.S. Government plan to allow Taiwan President Li Teng-hui to make an unofficial visit to the United States, the top government spokesman said Monday [22 May].

Chief Cabinet Secretary Kozo Igarashi told a press conference that Japan will maintain its basic policy toward Taiwan of limiting the bilateral relationship to the non-government level, and that the country will not accept a visit by Li to Japan.

Japan switched its diplomatic relations from Taipei to Beijing in 1972.

Igarashi said he believes keeping such basic policy is "essential for maintaining a stable Japan-Taiwan relation." The U.S. Government decided to allow Li to visit his alma mater Cornell University in early June.

Vice Foreign Minister Kunihiko Saito also said Monday that the Japanese Government would not change its policy toward Taiwan.

Saito reiterated in a separate press conference that Japan will not allow Li to attend a meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November.

Think Tank Seeks Public Funds for Debt Disposal

OW1705073695 Tokyo KYODO in English
0651 GMT 17 May 95

[FBIS Transcribed Text] Tokyo, May 17 KYODO — A brokerage-affiliated think tank on Wednesday [17 May] called for measures to reactivate assets markets and appropriation of public funds to help financial institutions liquidate bad loans.

The Yamaichi Research Institute of Securities and Economics said in a report that financial institutions are forced to set aside additional funds for liquidation of nonperforming loans due to a fall in prices of assets held as collateral.

A delay in government action to check the yen's appreciation and halt asset deflation is responsible for the vicious circle of the property price fall and disbursement of additional funds to write off bad loans, the report said.

It said a combined amount of nonperforming loans held by 21 banks — 11 major commercial banks, three long-term credit banks and seven trust banks — is estimated at 50-60 trillion yen.

Latent profits of banks have declined as they have sold part of securities holdings to raise funds to liquidate bad loans, the report said.

As a way to solve the problem, the report said, interest rates should be brought down to revitalize property and securities markets.

The report urged financial institutions to establish a bad-loan liquidation organization to which the government would lend public funds.

Excessive debts held by bankrupt firms should be turned over to healthy financial institutions after being reimbursed with funds provided by Deposit Insurance Corp., the report said.

The institutions cited a U.S. example in which the administration made 120 billion dollars available for the bailout of financially troubled savings and loans associations.

Finance Ministry on Mergers of Ailing Brokerages

OW1805092995 Tokyo KYODO in English
0904 GMT 18 May 95

[FBIS Transcribed Text] Tokyo, May 18 KYODO — The Finance Ministry will not encourage struggling brokerages to merge despite the worst-ever performances by the industry's leading firms, Vice Finance Minister Jiro Saito said Thursday [18 May].

"The question of mergers is a matter of individual judgment" for the securities companies, the senior finance bureaucrat told a regular news conference, but he indicated more deregulation could revive the market and thus help the companies.

He rejected a suggestion that the powerful ministry might "guide" some brokerages to combine as there are too many firms competing in the long-slumping Japanese stock market.

On measures to revive the market, the ministry "has already made great efforts at deregulation," he said. "I think that direction will continue."

Saito acknowledged that business results "really look bad" after the biggest firm, Nomura Securities Co., announced its fiscal 1994 pretax profit plunged 80 percent and the three other biggest brokerages each reported their heaviest losses ever.

He attributed the bad results for Nomura, Nikko, Daiwa and Yamaichi securities companies to continued slumping stock trading volumes, which crimp the brokers' mainstay commission incomes.

Saito also indicated the ministry had no objections to the return to the board of directors, announced earlier in the day, of two top Nomura executives who resigned in 1991 to take responsibility for financial scandals.

The partial rehabilitation of former Chairman Setsuya Tabuchi and former Vice Chairman Yoshihisa Tabuchi "is from the start a private-sector personnel decision," Saito said. "It's Nomura's judgment."

Panel Urges Scrapping of Derivatives Curbs

*OW1905144195 Tokyo KYODO in English
1354 GMT 19 May 95*

[FBIS Transcribed Text] Tokyo, May 19 KYODO — A subcommittee of the Finance Ministry's Financial System Research Council will soon urge the council to step up its studies on scrapping the current quantitative ceilings on derivatives trading, according to a copy of the subcommittee report obtained by KYODO NEWS SERVICE on Friday [19 May].

The report will be submitted next Thursday to a meeting of experts from the council, an advisory panel to Finance Minister Masayoshi Takemura.

In a section of the report concerning controversial derivatives trading, the report said, "it is desirable to help financial institutions strengthen their ability to manage risks, rather than imposing excessive official regulations by underscoring the risks" accruing from derivatives.

The report also said, "it is appropriate for the ministry to abolish the regulations concerning commitments (for a financial institution to buy or sell certain derivatives products) currently imposed on a uniform (percentage) basis."

At present, financial institutions are required to hold down the value of their derivatives-related investments to a certain officially prescribed percentage of each institution's capital. The uniform percentage is set in accordance with the contents of each derivative product in which they are to invest.

Derivatives — futures, options and swaps — are contracts tied to the value of commodities, shares or currencies created as hedges against fluctuating prices. Speculative trade in them carries the risk of huge potential profits or losses.

The panel called for the scrapping of such numerical curbs if financial institutions demonstrate progress in "building up an in-house system of managing the risk" stemming from derivatives-related investment.

The panel said such deregulation might enable financial institutions to advance into or "develop new business fields" by taking advantage of their specialized know-how in such areas as derivatives deals and the liquidation of credits through their securitization.

This is necessary to bolster the ability of Japanese financial institutions to compete with foreign rivals, the report said.

The report also calls on the Financial System Research Council to approve the proposed scrapping of the current ban on the establishment of financial holding companies.

The lifting of the ban would "make it possible for such holding companies to provide wide-ranging financial services," it said.

It also urges the authorization of a proposal to introduce "asset-backed securities (ABS)" — a scheme under which a corporate issuer would float bonds by putting up as collateral such credits as unsettled sales accounts to buyers.

Financial institutions should adopt the method of evaluating the asset value of financial products subject to dealings, such as securities, on the basis of market value, rather than book value, it added.

Draft of New Economic Plan Revealed

*OW1905231195 Tokyo SANKEI SHIMBUN
in Japanese 16 May 95 Morning Edition p 1*

[FBIS Translated Text] The outline of a draft new economic plan to be announced in June by the Mu-

rayama government was revealed on 15 May. The outline touches on the bubble economy's collapse and the recent subway attack incident and, from a viewpoint that there has been a distortion of the economic system, presents basic policies for the Japanese economy's reconstruction with the establishment of: 1) self-responsibility principles; 2) coexistence with the international community; and 3) harmony with the global environment. In concrete terms, the outline says specific numerical targets will be set up for the creation of jobs by creating new businesses and for the establishment of a new comprehensive social infrastructure. These are the plan's highlights.

The plan will be officially approved at a 13 June Economic Council session. Prime Minister Murayama will announce Japan's plan to boost domestic demands at an industrial nations' summit in Canada scheduled to open 15 June.

The draft new economic plan, which is to replace the "Five-Year Economic Plan" worked out by the Miyazawa government, points out the necessity of fundamentally reviewing the existing economic system and creating a new system, saying the current situation represented by a series of such incidents as the sarin attack "stems from distortion of the existing socio-economy, which has supported the country for 50 years after the war." For that purpose, the draft proposes a four-point basic policy. As measures to create a free and lively economy, the outline proposes: 1) the implementation of deregulation; 2) a cut in economic costs for society as a whole and the establishment of its numerical target; 3) the nurturing of venture business and the creation of job opportunities; and 4) the establishment of a new social security system suited to new employment conditions such as simplification of annuity payments.

Moreover, to materialize a socio-economy wherein people can feel rich and enjoy peace of mind, the draft presents such proposals as "the extension of the retirement age to 65 to meet annuity payments" and "the working out of an action plan to narrow the gap between domestic and foreign prices." Furthermore, as pillars of measures to promote policies common to all areas such as human resources development, technology development, and the promotion of an information-oriented society, the draft sets 1) the spread of computers for educational use and the setting up of its numerical targets, and 2) the establishment of targets to cut communications costs.

As a mid-to-long term scenario for the 21st century, the draft lists "avoidance of industrial hollowing-out by taking advantage of the yen's appreciation and

promoting deregulation," "making society suited to the future aging society," and "making best use of the current society wherein the birthrate is on the decrease and the promotion of an information-oriented society" as keys to the future. The draft notes seeking measures to turn weak points of the current Japanese economy into advantageous ones is prerequisite to reconstructing the Japanese economy.

Creating Asian Exchange Zones Discussed

OW1905233295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 14 May 95 Morning Edition p 1

[FBIS Translated Text] A scheme for "international exchange zones," including a plan to promote the building of basic infrastructures for transportation and telecommunications with a perspective covering the Asia and Pacific region, is expected to be the major item in the next Comprehensive National Development Program [Zenso] to be compiled by the National Land Development Council (advisory body to the prime minister; chaired by Atsushi Shimokobe). The purpose of this is to avert industrial hollowing out and the deterioration of international competitiveness of Japan's urban services.

The scheme calls for establishing a system for cooperation of local governments and Japanese companies with neighboring countries in industry, education, culture, and other areas, in addition to giving priority to construction of transport and telecommunications infrastructures within the exchange zones.

The National Land Agency [NLA] plans to create three major exchange zones in the Asian region as a first step, and start a full-scale survey on this in FY 95.

While the present Fourth Zenso aims at "multipolar, dispersed" national land development to prevent over-concentration in Tokyo, the theme of the next Zenso will be "polycentric, cooperative" land development giving full play to regional cooperation. This is based on the perception that with increasing international competition and interdependence, national land development will have to take neighboring countries into consideration.

First, a number of exchange zones will be identified in the northeast Asian region. The following are being considered: 1) a "pan-Sea of Japan exchange zone" extending from the Sea of Japan coast from Hokkaido to Kyushu, and covering Khabarovsk and Vladivostok in the Russian Far East, and Seoul and Pusan in the ROK; 2) a "pan-Yellow Sea exchange zone" covering the Sea of Japan coast in western Japan, Seoul and Pusan in South Korea, and northeastern China; and 3) a "South China exchange zone" covering the Pacific coast

in Kyushu and western Japan, Shanghai, Hong Kong, and Taipei. In addition, the establishment of a number of pan-Pacific exchange zones is also being planned.

In the beginning of the 21st century, the building of key points for international exchange, such as airports and ports, and the corresponding improvement of domestic road, railway, and information networks, will be the crucial issue. Japan plans to designate more airports and ports as strategic points of international exchange in anticipation of an expansion of personnel and material exchanges, open more ports for 24-hour operation, and improve the software aspect of infrastructure — for instance, setting internationally competitive facility usage fees.

Furthermore, to promote a closer interdependent relationship within the exchange zones, key points for exchanges between universities, research institutes, and tourism institutions will be created, in addition to personnel exchanges and international cooperation in such areas as business and industry, education, public administration, culture, medical services, and welfare.

The NLA has already designated five extensive domestic exchange zones encompassing existing administrative units, including the northeast, east central, and west central zones. The international exchange zones are based on the idea of extending these domestic zones to cover neighboring countries. The NLA wants to "institute a mechanism for promoting overseas exchanges by adding an international angle to domestic exchange zones" (according to the Planning and Coordination Bureau).

The National Land Development Council plans to clarify basic ideas for the next Zenso by this autumn, draw up an interim report in autumn 1996, and complete the new program within FY 96.

DA To Cut GSDF Manpower to 145,000

*OW2005012195 Tokyo TOKYO SHIMBUN
in Japanese 14 May 95 Morning Edition p 1*

[FBIS Translated Text] The Defense Agency [DA] has drawn up a plan to reorganize the Ground Self-Defense Force [GSDF], which has the largest number of manpower among the services, by revising the defense plan guideline in a way to better reflect post-Cold War needs.

The revision's main point is to cut the GSDF's authorized manpower by 20 percent to 145,000 from the current 180,000, while enabling it to maintain its defense capabilities by activating "airborne mobile brigades," which can be moved promptly in helicopters in case of contingencies or disasters, as well as by inaugurating

a system of having well-trained "reserve SDF personnel at the ready."

Since the GSDF actually has about 150,000 personnel at present, the revision will mean cutting the current number by 5,000. By cutting that number, the agency wants to say it is taking actions to implement arms reduction, but the agency's uniformed officers strongly oppose the plan. Some twists and turns are likely to be inevitable before a final decision is reached on the matter.

The manpower reduction plan envisages that four of the existing 13 divisions (there are two types of divisions in the GSDF: one with an authorized manpower of 9,000 and the other with an authorized manpower of 7,000) will be reorganized into small brigades with an authorized manpower of 4,500 each. On the other hand, the combined brigades (with authorized manpower of about 2,000 each) stationed in Okinawa and Shigoku will be elevated to brigades. Thus, eventually, there will be nine divisions and four brigades, according to the planned reorganization.

The proposal to reduce the authorized manpower and to streamline the GSDF organization comes in response to defense needs arising from the change of the situation that came with the Cold War's end — the situation now calls for capabilities to deal with "divergent types of dangers" rather than those to meet "limited small-scale invasions" of the Cold War era. Besides, the manpower shortage problem in the GSDF now is such that actual total manpower in the divisions and combined brigades falls short of the authorized number by some 30,000, which means these divisions and combined brigades have only 70-80 percent of what they are supposed to have. One major purpose of the reorganization is to have the actual number match the authorized number.

Since such manpower reductions can have an impact on defense capabilities, the DA proposes, in the plan, inaugurating a system of keeping "reserve SDF personnel at the ready" as a way of addressing this problem. The idea is to take volunteers from among young Self-Defense Force retirees (about 46,000 in the GSDF), and give them intensive training so that they can be assigned to frontline units in case of contingencies. The agency wants to maintain 10,000- 15,000 reserve GSDF personnel on this status, thus aiming to have a total of 160,000 personnel, including active duty personnel, available for contingency operations.

Tamazawa on ACSA Applicability in Emergencies

OW2005012695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 19 May 95 Morning Edition p 2

[FBIS Translated Text] At an 18 May House of Representatives Budget Committee meeting, Defense Agency Director General Tokuchiro Tamazawa commented on the Japan-U.S. acquisition and cross-servicing agreement (ACSA), which allows the two countries to provide fuel and other equipment to each other. He said: "The scope of the agreement is limited to peacetime and joint exercises." His remark indicates that the ACSA will not be applied to cases such as if U.S. forces enforce a naval blockade against the DPRK (North Korea) in response to mounting tension on the Korean peninsula.

New Statement on Nuclear Weapons Weighed

OW2105074795 Tokyo KYODO in English
0738 GMT 21 May 95

[FBIS Transcribed Text] Tokyo, May 21 KYODO — The government is considering sending a statement next month to the International Court of Justice in response to the court's request that countries indicate their views on the use of nuclear weapons, government sources said Sunday [21 May].

The administration of former Prime Minister Tsutomu Hata sent a statement to the court on the same question in June last year, but the sources said Prime Minister Tomiichi Murayama's government wants a new statement in the context of this month's indefinite extension of the nuclear Nonproliferation Treaty (NPT).

The government hopes that by doing so, it will signal both domestically and internationally that it is determined to seek the total elimination of all nuclear weapons, the sources said.

Last year's statement was in response to a court request made to all UN member countries after the World Health Organization (WHO) asked it in May 1993 to offer an "advisory opinion" on whether the use of nuclear arms violates international law from the standpoint of its impact on health and the environment.

A senior Foreign Ministry official said the new statement, which has a submission deadline of June 20, is unlikely to exceed the parameters of the previous one.

"But we are considering how to word it so that it takes into account the stand of the Murayama administration," the official said.

The sources said the statement will note that the use of nuclear weapons is not in accord with humanitarian principles, that as a country which suffered from atomic

bombings Japan does not want to see nuclear weapons used again, and that Japan will stand by its three nonnuclear principles.

Japan has claimed it has adhered to a policy of not producing, possessing or allowing nuclear weapons into its territory since it was approved by the Diet in 1968.

The new statement will also not touch on legal aspects of the use of nuclear weapons, the sources said.

The court requested the latest statements as a result of a UN General Assembly resolution that it seek advice on whether the use of nuclear weapons and the threat of nuclear weapons infringes international law.

Last year, a political tussle ensued after early versions of the previous statement said the government considered there was not yet an international consensus on whether the use of such weapons violated established international law.

Hiroshima and Nagasaki, where the U.S. dropped atom bombs in 1945, strongly objected to the original planned statement last year, and urged Hata and his foreign minister, Koji Kakizawa, to change the wording of the report and denounce the use of nuclear arms as a violation of international law.

Murayama Cabinet Support Rate Hits New Low

OW1905233795 Tokyo YOMIURI SHIMBUN
in Japanese 18 May 95 Morning Edition p 1

[FBIS Translated Text] The support rate for Prime Minister Tomiichi Murayama's Cabinet, which has continued to decline this year, has at last hit the lowest score since its inauguration in June 1994. According to a nationwide opinion poll YOMIURI SHIMBUN conducted on 13 and 14 May, the support rating dropped to 33.6 percent, down 6.1 percentage points from the last survey (held in March). The disapproval rate rose to 49.7 percent, 5.4 percentage points over the previous survey. It is observed that public criticism of the cabinet was induced by the following factors: the cabinet has failed to spell out effective measures to cope with a steep rise in the yen's value; the public is worried about the collapse of Japan's long-held optimism about safety in society following the sarin nerve gas attack on the Tokyo subway system and other incidents; and the unity of the Murayama Cabinet has now flagged after Prime Minister Murayama mentioned the "limits" to the coalition cabinet during a meeting with Yoshiro Mori, secretary general of the Liberal Democratic Party [LDP].

In terms of support for political parties, 57 percent of respondents said they "do not support any political

party." This broke the record-high 50 percent in the January poll. Meanwhile, both the LDP and the New Frontier Party [NFP] scored their lowest support rates. In this way, the people have become more distrustful of political parties and have further fallen away from political parties. It can be said that party politics is now facing an unprecedented critical situation.

The support rate for the LDP scored 23 percent. The NFP marked 8 percent; the Social Democratic Party of Japan 7 percent; and both Sakigake [Harbinger Party] and the Japan Communist Party, 1 percent. The support rate for the LDP dropped 3 percentage points from the March poll, breaking the lowest record since its formation.

Presented with this situation, those who replied that they "do not support any political party" increased 8 percentage points from the March poll, reaching nearly 60 percent. Especially, 70 percent of younger respondents in their 20's and 30's said they do not support any party.

Coalition Divided Over Tripartite Accord

*OW1905133395 Tokyo TOKYO SHIMBUN
in Japanese 16 May 95 Morning Edition p 2*

[*"Scope '95 Political Situation" column: SDPJ, Sakigake Intend to Demonstrate Their Political Standing by Reviewing Three Ruling Party Accord*]

[*FBIS Translated Text*] The ruling coalition parties will review "the three ruling party accord," which they concluded when inaugurating the Murayama Administration. The Social Democratic Party of Japan [SDPJ] and New Party Sakigake [Harbinger] prompted the revision, intending to stress their political standing to pave the way for the House of Councillors' election in summer. However, since some of the Liberal Democratic Party [LDP] members strongly oppose the SDPJ-Sakigake led revision, the coalition will certainly face difficulties in coordinating opinions. While Prime Minister Tomiichi Murayama's remarks on the "limits" of his cabinet is still affecting the political world, the revision could lead to the collapse of the current political framework, and eventually have an impact on the prime minister's future direction.

Sakigake and the SDPJ agreed to review the three ruling party accord when Sakigake proposed it at their joint policy coordination meeting on the evening of 9 May. An ostensible reason for the revision, according to a senior SDPJ executive, is that "things we never expected when we formed the accord are happening," — for example, the yen's rapid appreciation, the great Hanshin earthquake, and the sarin attack on the Tokyo subway system.

Behind their move, however, there are far more serious circumstances afflicting both parties. Concerned by the fact that its weight as a coalition partner has been buried, Sakigake strongly wants to "make the LDP realize Sakigake's role in the coalition" (as stated by a senior Sakigake executive) by demanding the promotion of administrative reform through the revision.

The SDPJ, which suffered a crushing defeat in the last local unified election, feels the same way as Sakigake. "Since the significance of the SDPJ has diminished in the administration, it appears, for the Japanese people, the LDP and bureaucrats are controlling the administration." The SDPJ cites this as a reason for the election defeat. As its destiny now depends on the House of Councillors' election, the SDPJ's situation is more urgent than Sakigake's.

Some members of the two parties even take a hard-line attitude, saying: "In case we fail to reach a new accord, the current framework of the administration must be reevaluated as well."

Meanwhile, the LDP remains wary of the revision promoted by the SDPJ and Sakigake. Although the LDP is not satisfied with the current three ruling party accord which stipulates the need for adopting the anti-war Diet resolution to mark the 50th anniversary of the end of World War II, "creating a new accord could weaken the LDP's political standing," a senior LDP executive said.

Once the review is started, there is a possibility that "the post-Murayama issue" will again be taken up for discussion. A senior SDPJ executive recently asked the prime minister: "Does the revision of the accord mean the selection of a new prime minister will also be considered?" In reply, Murayama said: "That is right."

The revision of the accord "includes discussions on whether to actually review it" (as stated by a senior SDPJ executive). The discussions will be held sometime after the current Diet session or before the House of Councillors' election.

"The prime minister appears to be considering his early resignation before the House of Councillors' election to start the Kono administration while maintaining the current LDP-SDPJ-Sakigake framework. The revision may be promoted with this in mind." Now that some of the ruling party members take such a view, something that could cause a crucial crack in the coalition may happen in the near future.

Takemura: Murayama 'Will Not Abruptly Quit'

OW2105100095 Tokyo KYODO in English
0943 GMT 21 May 95

[FBIS Transcribed Text] Otsu, Japan, May 21 KYODO — Prime Minister Tomiichi Murayama will not abruptly quit despite reports that he is toying with the idea of resigning, Finance Minister Masayoshi Takemura said Sunday [21 May].

Takemura, leader of new party Sakigake, said at a news conference in Otsu in his native Shiga Prefecture that he frequently meets Murayama and has received no hint of the premier's potential exit.

The finance minister also ruled out the possibility of simultaneous elections for both houses of parliament this summer.

Takemura also told reporters that the ruling coalition comprising his own party, Murayama's Social Democratic Party [Social Democratic Party of Japan — SDPJ] and the Liberal Democratic Party will iron out their differences over a "no war" resolution during the current session of the Diet.

Murayama Considering Reshuffling Cabinet

OW2205111495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 21 May 95 Morning Edition p 1

[FBIS Translated Text] On 20 May, Prime Minister Tomiichi Murayama began to study a plan to reshuffle the cabinet after the current Diet session closes on 18 June. Several senior ruling party officials disclosed this on 20 May. Lately, speculations about the Murayama administration's early resignation have prevailed due to Liberal Democratic Party [LDP] Secretary General Yoshiro Mori's remarks regarding its "limits." In a bid to express his resolve to maintain the administration, Murayama wants to strengthen his power base through a reshuffle. However, before the prime minister makes the final decision, complications are likely to arise due to opposition from the ruling parties.

At an unofficial meeting with the press accompanying Murayama to China in early May, the prime minister ruled out the possibility of a reshuffle, saying, "I have no intention." At an 8 May meeting, Yohei Kono, deputy prime minister and foreign minister, Finance Minister Masayoshi Takemura, and Murayama agreed not to reshuffle the cabinet before an upper house election.

However, Murayama has decided to study the possibility of reshuffling the cabinet after the current Diet session because Mori's recent remarks on "limits" have further weakened his power base. It is believed that Murayama also wants to stabilize the Social Democratic Party of Japan [SDPJ] by including in the cabinet Secretary

General Wataru Kubo and other SDPJ Diet members who regard the new party concept positively.

Igarashi: No Shake-Up Planned

OW2205094795 Tokyo KYODO in English
0932 GMT 22 May 95

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Prime Minister Tomiichi Murayama will not shake up his 11-month-old cabinet prior to the House of Councillors election scheduled for July, a government spokesman said Monday [22 May].

"Common sense tells me it is unthinkable," Chief Cabinet Secretary Kozo Igarashi told a news conference, responding to a question on lingering calls within the ruling coalition for an early cabinet changeover.

He said Murayama, chairman of the Social Democratic Party, has agreed with Foreign Minister Yohei Kono and Finance Minister Masayoshi Takemura not to reshuffle the cabinet prior to the Upper House poll.

Kono heads the Liberal Democratic Party, the dominant force in the three-way ruling union, while Takemura is the chief of New Party Sakigake.

Finance Ministry Reshuffle Discussed

OW1905162995 Tokyo KYODO in English
1516 GMT 19 May 95

[FBIS Transcribed Text] Tokyo, May 19 KYODO — Finance Minister Masayoshi Takemura has unofficially approved the appointments of Kyosuke Shinozawa, currently head of the Budget Bureau, and Tadashi Ogawa, head of the Tax Bureau, as new vice finance minister and director general of the National Tax Administration Agency, respectively, ministry officials said Friday [19 May].

Shinozawa replaces Jiro Saito, who has come under criticism from the mass media and the ruling Liberal Democratic Party for allegedly being wined and dined by Harunori Takahashi, the central figure in a financial scandal involving the now-disbanded Tokyo Kyowa Credit Association.

Saito has reportedly antagonized the LDP for his strong ties with key opposition strategist Ichiro Ozawa and their joint campaign to legislate a "national welfare tax" that he and Ozawa reportedly devised to replace the consumption tax under the 1993-1994 administration of Prime Minister Morihiro Hosokawa.

Takemura told reporters Saito "offered in April to hand over his post to a successor."

It is quite extraordinary for the ministry to reshuffle its top-ranking personnel at a time when a Diet session is still under way.

Informed sources said the ministry caved in to strong political pressure from the ruling coalition and the incident will exert lasting influence on the relationship between the nation's top bureaucracy and the political community.

Takemura has decided to promote Takatoshi Kato, director general of the International Finance Bureau, to the position of vice finance minister for international affairs, they said.

These appointments are part of a large-scale reshuffle that will be formalized May 26. The two senior bureaucrats who will accompany the Japanese prime ministerial entourage to the summit in Halifax, Canada, in mid-June, will for the moment be exempt from the reshuffle they said.

The pair are the current vice finance minister for international affairs, Kosuke Nakahira, and Norifusa Kagami, director general of the Customs and Tariff Bureau, they said.

Finance Minister Takemura decided on the reshuffle to coincide with the passage of a 2.7 trillion yen fiscal 1995 supplementary budget through the Diet on Friday, they said.

Shinozawa, 58, began his bureaucratic career at the ministry in 1960 after graduation from the University of Tokyo. He has served as head of the Budget Bureau since June 1993.

Takemura described Shinozawa as a man with a keen "sense of balance suited to a position to hand down decisions at key junctures and lead the large-scale casts" of elite ministry bureaucrats.

It remains to be seen whether Shinozawa will be able to revive public confidence in the ministry at a time when politicians and some mass media are stepping up their Finance Ministry "bashing," the sources said.

Takeshi Komura, currently director general of the finance minister's secretariat, will take up the post vacated by Shinozawa. Nobuaki Usui, deputy director general of the Tax Bureau, will be promoted to lead the bureau.

Eisuke Sakakibara, head of the ministry's Institute of Fiscal and Monetary Policy, will be named director general of the International Finance Bureau to fill the post vacated by Kato.

NFP Position on No-Confidence Motion Viewed OW2005110695

[FBIS Editorial Report] Tokyo NIHON KEIZAI SHIMBUN in Japanese, on page 2 of its 15 May morning edition, carries a 180-character article on opposition New Frontier Party [NFP] President Toshiki Kaifu holding a 14 May news conference in Yamagata City. It notes that Kaifu does not rule out holding simultaneous elections for both Diet houses this summer, and quotes him as saying: "Political reform of the House of Representatives has been completed and general elections can be held at any time. In the past, simultaneous elections for both Diet houses have been held and I believe that in principle, they can be held. If simultaneous elections are held, our party is ready to fight in the elections." The article adds that Kaifu declined to comment on the introduction to the Diet of a no-confidence motion against the Murayama cabinet.

Tokyo MAINICHI SHIMBUN in Japanese, on page 2 of its 15 May morning edition, carries a 650-character article that notes that while many NFP junior members support their party submitting a no-confidence motion to the Diet against the Murayama cabinet, the NFP leadership is being cautious.

The article cites a senior NFP member as saying: "There is a possibility that if the NFP introduces a no-confidence motion against the Murayama cabinet to the Diet, the ruling Liberal Democratic Party, which is eager to form a one-party government, will exploit it to call general elections after dissolving the House of Representatives. I wonder if our party's junior members are speaking in favor of the no-confidence motion without being knowledgeable on that point." The article notes that NFP Secretary General Ichiro Ozawa plans to cautiously examine the possibility of submitting it to the Diet, and quotes him as saying at a 12 May news conference: "It is good to speak their minds. But it is me who is responsible for dealing with the Diet. I intend to take the best option for our party. The no-confidence motion is a kind of tactic, and we will have to act according to the circumstances."

After discussing moves within the NFP to form various groups, the article concludes that it is unlikely that the NFP will immediately submit the no-confidence motion against the Murayama cabinet to the Diet on the grounds of the NFP leadership's cautious attitude.

**Kaifu Criticizes Members' Shift to LDP Alliance
bat>[KYODO]**

OW1905141095 Tokyo KYODO in English
1119 GMT 19 May 95

[FBIS Transcribed Text] Tokyo, May 19 KYODO — Former Prime Minister Toshiki Kaifu, who heads the leading opposition party Shinshinto (New Frontier Party [NFP]) Friday [19 May] criticized moves within his party toward a new conservative alliance with the Liberal Democratic Party (LDP).

Kaifu, in a speech delivered in Tokyo, said the next general election should come within the current political framework of the opposition Shinshinto set against the ruling coalition of the LDP, the Social Democratic Party (SDP) and new party Sakigake [Harbinger].

His remarks came as a rap on the knuckles against moves led by senior Shinshinto member and former Economic Planning Agency chief Hajime Funada toward joining hands with some LDP lawmakers as part of another round of political realignment.

Both Kaifu and Funada once belonged to the LDP. Kaifu became prime minister in 1989 when the LDP was in power.

Kaifu said that both the coalition government headed by Prime Minister Tomiichi Murayama, who also heads the SDP, and Shinshinto, which was created in December out of a grand coalition of opposition parties, should face voter judgment through a general election for the House of Representatives.

"I don't accept anything like a conservative alliance," Kaifu said.

Kaifu, however, added that Funada, one of the up-and-coming Shinshinto legislators, is not necessarily trying to orchestrate a conservative alliance.

"He is thinking about the party. His intention is not fully understood," he said.

Editorial on Murayama Administration's 'Limits'

OW2005010795 Tokyo MAINICHI SHIMBUN
in Japanese 14 May 95 Morning Edition p 5

[Editorial: "The Limits Are Self-Evident"]

[FBIS Translated Text] The political situation is rapidly becoming fluid with discord in the ruling coalition administration heightening over remarks of Yoshiro Mori, Liberal Democratic Party [LDP] secretary general, revealing that Prime Minister Tomiichi Murayama feels the "limits of his cabinet."

In a 10 May speech, Mori said that Murayama had expressed to him his sentiments that "a cabinet led

by the head of a party that is not the largest in the coalition is inevitably a transitional administration, and consequently, there is a limit to its work."

As Mori met with Murayama on the evening of 7 May, Murayama's remarks were interpreted as an implication of his intention to "resign," creating a big sensation in political circles.

In response, Murayama said he had merely referred in general terms to difficulties in leading the government as the prime minister selected from the Social Democratic Party of Japan [SDPJ], which is not the largest of the ruling coalition parties. He then clearly denied the "resignation" rumor, expressing displeasure. With the SDPJ strongly reacting to Mori's "disclosure," the relationship between the LDP and the SDPJ has begun to deteriorate.

After quoting Murayama mentioning the "limitation," Mori, at a 10 May speech, warned that: "We must be cautious because if his remarks were made public, they would be construed as his desire to give up the cabinet." Mori deserves criticism for making careless remarks as secretary general of the main coalition party.

However, apart from the real motive of Mori's "disclosure," the real condition of the Murayama administration and every circumstance surrounding it have obviously shown that the administration has already gone beyond the "limit" of its ability.

The lack of the present administration's crisis management ability has been exposed during several recent incidents, such as the great Hanshin earthquake, the sarin nerve gas attack on the subway system, the shooting of the National Police Agency commissioner general, and suspicions involving the religious cult Aum Shinrikyo, in which social unrest has increased. In addition, the Murayama administration has not yet implemented any effective measures to stem the yen's recent appreciation, which could bring about a serious depression.

The proposed "war-renouncing Diet resolution," which Murayama has enthusiastically tackled to fully show his "colors," is at a standstill due to opposition from some LDP members. The decision on whether or not to send the Self-Defense Forces to the Golan Heights to participate in UN peacekeeping operations has not yet been made because of conflict between the LDP and SDPJ.

It was already clear at a time when the present administration was established that if a prime minister is chosen from the SDPJ, which has only about 70 lower house seats, the administration would face a tough-going.

All the more because of the "limitation," the prime minister has been urged to assume leadership and to make efforts to secure coordination with other ruling parties in a bid to reach accords. Zest of managing the coalition administration lies in those efforts. Whining after all these months is quite out of place.

Under a completely deadlocked situation, the Murayama administration's centripetal force has extremely weakened. The administration is likely approaching its end. The most distinctive sign of the cabinet's downfall is the fact that the word "limitation" dropped from the secretary general of the LDP, one of the coalition partners.

The SDPJ, Murayama's political base, has been thrown into deep chaos after seven SDPJ members, including former Chairman Sadao Yamahana, revealed their intention to secede from the party. It is inevitable that the administration's basis, which is already brittle, will further weaken. How can a leader who cannot govern his own party be entrusted with the administration of a national party?

Murayama has denied his intention to resign, as well as a possibility of dissolving the lower house to conduct a general election, saying: "They would invite a political vacuum." Actually, a political vacuum already exists, as Takeshi Nagano, president of the Japan Federation of Employers' Association [Nikkeiren], pointed out.

In a bid to prevent a further political vacuum, the present administration should dissolve the lower house and seek the people's judgment by holding an election, as soon as the FY95 first supplementary budget and other pending urgent tasks are settled.

Automakers Boost Operations in Taiwan

*OW2205093795 Tokyo KYODO in English
0814 GMT 22 May 95*

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Japanese automakers are stepping up their production and marketing in Taiwan, an automobile market that is expected to grow steadily in the coming years, company officials said Monday [22 May].

There is growing speculation in the industry that if Taiwan joins the World Trade Organization (WTO) this year, as expected, it will lift its ban on imports of Japanese-made cars and commercial vehicles.

Toyota Motor Corp.'s joint venture in Taiwan, Kuozui Motors Ltd., in March completed a plant for commercial vehicles to boost its annual production capacity from 80,000 to 110,000 vehicles.

Toyota is also considering production of low-cost vehicles designed for the Asian market, company officials said.

Nissan Motor Co.'s joint venture in Taiwan in March started selling "Sunny" cars made under license, after the manufacturer invested in a subsidiary of the venture, Nissan officials said.

Meanwhile, Mitsubishi Motors Corp. reports Taiwanese sales of its vehicles in the first quarter of this year rose 13 percent from a year earlier, thanks to the expanded sales network of its Taiwanese affiliate.

Mitsubishi plans to promote marketing of its cars and sports-utility vehicles in Taiwan in the coming years.

Daihatsu Motor Co.'s Taiwanese joint venture is expected to start production of new subcompact models this fall, company officials said.

Taiwanese sales of imported and locally built vehicles in 1994 rose from 470,000 to 560,000 in 1990 and are likely to reach 700,000 in the year 2000, according to industry estimates.

Taiwan does not restrict imports of vehicles from Europe, although it imposes a ban on such imports from Japan.

Industrial Output Remains in 'Fitful Recovery'

*OW2205093895 Tokyo KYODO in English
0915 GMT 22 May 95*

[FBIS Transcribed Text] Tokyo, May 22 KYODO — Japan's industrial output remains in a fitful recovery, the Ministry of International Trade and Industry (MITI) said Monday [22 May] in revising March figures to show production rising but shipments dipping.

The ministry has not changed its view that output at the nation's mines and factories "is expected to follow a course of moderate pickup after repeating ups and downs in coming months," a MITI official said of the monthly report, which confirms that fiscal 1994 production logged the first rise in four years.

After adjustment for seasonal factors, output was up 1.4 percent in March from the previous month to an index reading of 97 against a 1990 base of 100, MITI said.

That is down from the preliminary 2.1 percent rise reported several weeks ago but up from an adjusted preliminary 0.6 percent rise calculated since then for fiscal year-end adjustments, said Harumi Takahashi, chief of MITI's statistics and analysis division.

The shipment index dipped 0.1 percent to 97, down from the original gain of 1.4 percent but better than the adjusted preliminary decline of 0.7 percent.

Pushing up the output and shipment data were revisions in the figures for conveyors and automatic transmissions, MITI said.

Inventories grew 1.5 percent for the month to an index reading of 106.1, little changed from the originally reported rise of 1.1 percent or the adjusted preliminary rise of 1.4 percent.

For the fiscal year ended in March, output rose 3 percent, little changed from the preliminary 3.1 percent increase, MITI said.

Takahashi indicated no change in the MITI forecast of an April production gain of 1.2 percent and a May decline of 1.1 percent.

The revised March figures do not change MITI's view that capital spending could be headed up or that capacity utilization is steadily rising despite worrisome factors, she said.

But the new data clouds the ministry's judgment that industrial capacity may be hitting an upturn, she said.

Capacity utilization rose 1.6 percent in March, confirming an eight-month string of rises from year-earlier levels, Takahashi said, but she repeated the concerns that the March figures do not fully reflect the most recent surge of the yen and that capacity utilization remains low.

The utilization index stood at 89.3, still below the 90 yen line that has historically indicated companies are preparing to spend more on plant and equipment, Takahashi said. "We will have to continue to watch for a while" to see if capital spending rises, she said.

The utilization index reading implies by rough calculation that factories are running at 76.1 percent of capacity, showing that "capacity utilization is still at low levels," she said.

On capacity itself, the March figure was down 0.4 percent from a year earlier to 103.3 on the index. Moreover, the year-end adjustments brought a positive January figure to zero and the February plus figure to a minus, dashing MITI's original judgment that capacity had risen two months in a row in breaking a 19-month slide, Takahashi said.

The downward change means the previously perceived "good signs have become harder to see," she said. "Our delicate judgment has become even more delicate."

North Korea

U.S. 'Aerial Espionage' of 19 May Denounced

SK2105080995 *Pyongyang KCNA in English*
0806 GMT 21 May 95

["U.S. Aerial Espionage" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 21 (KCNA) — Warmaniacs of the United States let an RC-135 strategic reconnaissance plane fly for hours in the skies above Tokjok Islet, Yangpyong and Yangyang of South Korea on Friday [19 May] to commit an electronic and photographing espionage on the targets in the northern half of Korea, military sources said.

And they sent two RC-12 tactical reconnaissance planes to the skies above the Military Demarcation Line for round-the-clock espionage on the frontline and coastal areas of the North side.

On the same day, an EH-60 electronic helicopter committed an electronic reconnaissance on our portion in the western sector of the front.

The U.S. imperialist warmongers must ponder over the grave consequences to be entailed from such aerial espionage on the northern half of Korea, and must act with discretion.

18-19 May U.S.-ROK Military Exercises Reported

SK2005043295 *Pyongyang KCNA in English*
0415 GMT 20 May 95

["Situation Worsened" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — The U.S. imperialist warmaniacs and the South Korean puppets launched large-scale joint aerial military exercises against the North in the sky above Oeyon, Anmyon and Chik Islets of South Korea on May 18 and 19, according to military sources.

Participating in the war games were scores of overseas-based pursuit-assault planes, VTOL [vertical takeoff and landing] assault planes and air refueling tankers and some 800 fighters, reconnaissance planes and electronic warfare helicopters of the U.S. Air Force in South Korea and the South Korean puppet Air Force.

Overseas-based "KC-135" refueling tankers refueled planes in the sky above the sea off Kunsan during the exercises.

A total of more than 1,500 fighter planes participated in the military exercises in the sky above South Korea on May 18 and 19.

The U.S. imperialist warmaniacs and the Kim Yong-sam group should act with discretion, mindful that the warlike men get nothing but corpse and death.

ROK Trying To 'Hinder' U.S.-North Accord

SK2205051495 *Pyongyang KCNA in English*
0456 GMT 22 May 95

[False Advertisement To Conceal Bankruptcy of Dependent Economy" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 22 (KCNA) — NODONG SINMUN today comments on the South Korean puppets' advertisement about "standard-model reactor" and "principal role."

Under the title "Much Ado About Nothing" the analyst says:

With the false advertisement, they are trying to conceal the bankruptcy of the colonial dependent economy and hinder the implementation of the framework agreement between the DPRK and the United States, but this is a futile attempt.

Their advertisement invites no sympathy but scorn, contempt and criticism from foreign countries, still less in South Korea.

Generally speaking, the construction of atomic power stations needs absolute safety, perfection and delicacy in design, facilities and building operation. It also relies on solid and firm concrete structures.

In South Korea, however, such easy project as concrete structure building is not done properly. Bulky bridges fall one after another, taking a heavy toll of lives.

The puppets did not properly build concrete structures, which others can do without much difficulty, for lack of technology and skill. Such big accidents as the fall of the Songsu Bridge earned them disgrace and shame.

It is outrageous and ridiculous of them to talk about "standard-model reactor" and "principal role."

The South Korean economy is entirely dependent on foreign technology, materials and fund. It owns nothing but air and water. That is why it is called a "colonial subcontract economy," "debt-ridden economy," "soap-bubble economy" and "congenital crippled economy."

Only such foolish colonial stooges as ill-intentioned Kim Yong-sam, who knows nothing of politics and the economy and has no principle of its own, can make an absurd and empty talk about "provision" of something and "principal role" with this economy.

The realities of South Korea, "accident champion in the world" and "veritable hell," are too deplorable for them to mislead public opinion with a false advertisement.

Kim Yong-sam Warned To 'Mind His Own Business'

SK2105083195 *Pyongyang KCNA in English*
0828 GMT 21 May 95

["Kim Yong-sam Had Better Mind His Own Business" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 21 (KCNA) — NODONG SINMUN today comments on the traitor Kim Yong-sam's impudent attempt to squeeze into the implementation of the framework agreement between the DPRK and the United States.

The analyst says:

Kim Yong-sam is branded as "president notorious for accidents" in South Korea, though he insists that "South Korean-model" light water reactors [LWRs] should be provided to the DPRK and that South Korea should "play a principal role" in the provision of reactors.

Such disasters as the collapse of the Songsu Bridge and the gas explosion in Taegu in South Korea are largely attributable to the vulnerability of the dependent, lopsided economy of South Korea that has no scientific and technological basis of its own.

Those countries aware of the vulnerability of the South Korean economy, which is known to the world as "bubble economy and colonial economy like pop-rice cake," do not have trade dealings with South Korea.

South Korea is criticised at home and abroad as "kingdom of accidents in the world." The traitor Kim Yong-sam, however, is trying to meddle with other's affairs.

Although he talks about non-existent "South Korean model" of reactors and "principal role" of South Korea, he aims to hinder the implementation of the DPRK-U.S. framework agreement.

The South Korean puppets are at a loss what to do with the tottering economy which is notorious for accidents.

They had better mind their own business.

NDFSK Urges Overthrow of Kim Yong-sam Regime

SK2005100995 *Pyongyang KCNA in English*
1005 GMT 20 May 95

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — The Central Committee of the National Democratic Front of South Korea (NDFSK) on May 17 published a statement on the occasion of the 15th anniversary of the heroic Kwangju popular uprising, according to radio Voice of National Salvation from Seoul.

Calling upon the South Korean people from all walks of life to overthrow the Kim Yong-sam "regime", the statement says:

The "civilian"-veiled dictatorial "regime" which is more vicious than the successive military dictatorial "regimes" is ruthlessly mangling independence, democracy and reunification cried for by the Kwangju uprisers, shedding their blood.

We must make all our efforts to overthrow the Kim Yong-sam "civilian-veiled regime" and establish an independent democratic government through a nationwide struggle for democracy against dictatorship within the framework of the anti-U.S. movement for independence.

The struggle for the probe into the truth behind the Kwangju massacre and the punishment of its prime mover is a primary task to which the national democratic movement camp must direct all its efforts at present.

Mass rallies urging the indictment against those responsible for the May 18 massacre were held all at once in Seoul, Kwangju and eleven other cities. This is a solemn declaration of a nationwide struggle for the overthrow of the Kim Yong-sam "regime".

All segments of the people must spread the spark of their struggle into the flames of a nationwide mass struggle so as to settle the issues of the probe into the truth behind the Kwangju massacre and the punishment of its ring leader before the "local autonomy elections" and determinedly overthrow the traitor Kim Yong-sam "regime".

Not only students but also people of all social strata must rise as one in the struggle commemorating May 18 and make all workplaces, campuses, streets, farming and fishing villages and churches places of rallies and demonstrations denouncing the "civilian-veiled" dictatorship.

Our people must call the United States, the real ruler who takes hold of politics and the operational command of the army in South Korea, to account for the tragic Kwangju massacre and make it apologize for it.

In addition, they must daringly launch into a movement for democracy and reunification by orienting all the struggle for national salvation toward the anti-U.S. struggle and closely combining it with the anti-U.S. struggle.

Issues Statement on 18 May

SK2005102995 *Pyongyang KCNA in English*
1022 GMT 20 May 95

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA)
— The spokesman of the Japan Mission of the National

Democratic Front of South Korea [NDFSCK] issued a statement on May 18 on the occasion of the 15th anniversary of the Kwangju popular uprising.

He stressed:

We take a firm pledge once again to more vigorously wage the national salvation struggle to overthrow the Kim Yong-sam regime and set up an independent democratic government.

The "civilian"-veiled Kim Yong-sam group is running wild to repress the struggle for independence, democracy and reunification, averting the urgent demand of the people for a probe into the truth behind the Kwangju massacre and punishment for the ringleader.

It is very clear that under the traitor Kim Yong-sam the people in the South, far from paying off the grudge of Kwangju, will suffer more awful disasters.

The Kim Yong-sam clique as well as Chon Tu-hwan and No Tae-u must be brought to the court of history.

Chongnyon Holds Meeting Marking Kwangju Uprising

SK2005103895 *Pyongyang KCNA in English*
1033 GMT 20 May 95

[FBIS Transcribed Text] Tokyo, May 18 [date as received] (KNS-KCNA) — A central meeting of Korean residents in Japan was held here today to mark the 15th anniversary of the Kwangju popular uprising.

Addressing the meeting, So Man-sul, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), said the Kwangju popular uprising was a righteous resistance of the South Korean people against the extension of the military fascist system of the U.S. imperialists and their stooges and for social democracy and national reunification.

"We extend warm compatriotic solidarity and support to the South Korean students and people who are struggling for the reunification of the country, following the fighting spirit of the uprisers," he said.

He went on:

The traitor Kim Yong-sam who has come to power under the veil of "civil" is running headlong along the road of treachery. He is teaming up with former military fascists to hush up the probe into the truth behind the Kwangju popular uprising.

Developments in South Korea today show that Kim Yong-sam is a more heinous fascist hooligan, flunkieist traitor and war fanatic than the successive rulers.

In order to realise the desire of the uprisers in Kwangju, the reporter said, it is essential to achieve the independent and peaceful reunification of the country at an early date.

"The entire Chongnyon officials and Korean residents in Japan should make an active contribution to opening a turning phase for national reunification and thus brilliantly adorn this year, the 50th anniversary of national liberation, as a proud year that will be recorded forever in the Korean nation's history of struggle," he stressed.

Anniversary of Kwangju Uprising Marked in ROK

*SK1905050395 Pyongyang KCNA in English
0439 GMT 19 May 95*

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — Working people in Korea are firmly resolving to revenge themselves upon the U.S. imperialists and their stooges a thousand-fold who committed the largest massacre ever in history, and achieve national reunification in the 1990s for which the Kwangju uprisers fought at the cost of blood.

Meetings were held in South Hwanghae and other provincial capitals of Korea on the occasion of the 15th anniversary of the heroic Kwangju popular uprising. At the meetings working people extended their warm compatriotic support and encouragement to the South Korean students and other people who are energetically struggling for independence, democracy and reunification of the country, inheriting the fighting spirit of the Kwangju uprisers.

Denouncing the Kim Yong-sam group for leading the situation of the country to the brink of war with adventurous war exercises, they added that their continued confrontation and war moves would plunge the entire nation into the scourge of war.

They called on the South Korean students and people to turn out in the struggle to discover the truth of the Kwangju massacre, punish the chief culprits, abolish the "National Security Law," overthrow the present "civilian" fascist repressive system and establish independent democratic regime.

Rallies, Services Reported

*SK1905052195 Pyongyang KCNA in English
0459 GMT 19 May 95*

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — Rallies and memorial services took place in Kwangju, Seoul, Taejon and other parts of South Korea on May 18, the 15th anniversary of the Kwangju popular uprising, according to reports from Seoul.

A ceremony marking May 18 was held in Kwangju, the city of resistance, with the attendance of more than 30,000 people. The participants expressed burning indignation at the murderers.

In the morning, bereaved families, students and citizens, more than 3,000 in all, solemnly held a memorial service at the cemetery in Mangwol-tong in which the victims of the Kwangju uprising were buried.

Seen in different places of the cemetery were streamers demanding the punishment of Chon Tu-hwan, No Tae-u and other murderers and the placards reading "The spirits of the dead cannot rest until the murderers are punished".

A resolution urging the procurement of the prime movers of the massacre was adopted at the memorial service.

Meanwhile, timing to coincide with the functions held in Kwangju, rallies marking May 18 and rallies urging the punishment of the principal culprits were grandly held in universities, parks, churches and other places throughout South Korea including Seoul and Taejon with the attendance of citizens, students and dissidents.

The ralliers bitterly denounced the traitor Kim Yong-sam for defending Chon Tu-hwan, No Tae-u and other murderers and strongly called for removing him from power.

Upset by the march of some students toward Chongwadae [presidential offices], the puppet clique arrested them.

More than 4,000 students of 15 universities and colleges in Seoul held rallies for punishing the chief culprits of the May 18 incident.

Papers Mark Anniversary of Kwangju Uprising

*SK1805052195 Pyongyang KCNA in English
0455 GMT 18 May 95*

[FBIS Transcribed Text] Pyongyang, May 18 (KCNA) — The South Korean students and people from all walks of life should turn out as one man in the struggle to realise the desire of the Kwangju uprisers who cried out for the establishment of a new politics and new life on streets of resistance 15 years ago, thus making the fascist laws such as the notorious "National Security Law" scrapped, destroying the fascist repressive tools and replacing the traitorous Kim Yong-sam "regime" with an independent democratic government aspiring after independence, democracy and reunification.

This is the topic of an editorial of NODONG SINMUN today on the occasion of the 15th anniversary of the heroic Kwangju popular uprising.

The editorial titled "Let Us Realise the Desire of Kwangju Through a Nationwide Struggle and Achieve the Reunification" says:

The reality shows that as long as outside forces remain in South Korea and such traitors as Kim Yong-sam are in power, no dignity and sovereignty of the nation can be realised nor can an independent and democratic development of South Korean society and the peaceful reunification of the country be achieved nor can the truth behind the Kwangju incident be probed.

What the Kwangju uprisers ardently aspired after is independence, democracy and the peaceful reunification of the country.

All parties, groupings and people of all social strata in South Korea and overseas Koreans must closely unite under the banner of the 10-point programme of the great unity of the whole nation laid down by the great leader Comrade Kim Il-song, the eternal sun and father of the nation, true to his cause of reunification, and conduct a powerful nationwide struggle to achieve the reunification of the country by the confederacy formula on the three principles of national reunification. For the present, they should greet the 50th anniversary of the liberation of the country as a grand reunification festival common to the nation, repulsing challenges of the separatists at home and abroad, and make this year a year in which the barrier of division will be demolished and a breakthrough for reunification in the 1990s will be made.

MINJU CHOSON comes out with an editorial titled "Let Us Realise Desire of Kwangju Uprisers Through Struggle".

ROK Suppression of 'Chuche Idea' Denounced

*SK2005101695 Pyongyang KCNA in English
1012 GMT 20 May 95*

["Advanced Idea Cannot Be Bound in Chains" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — The Kim Yong-sam group handcuffed 10 odd students including Choe Hong-chae, ex-chairman of the General Student Council of Korea University, by invoking the notorious "National Security Law" for the mere reason that the students were the followers of the immortal chuche idea.

NODONG SINMUN today, commenting on this, charges that the outrage is a heinous crime and a rude political violence that can be committed only by those bereft of human reason.

The analyst says:

The chuche idea based on the philosophical principle that man is the master of everything and decides everything, is a great idea of human liberation that indicates a way for man to free himself from all manner of domination and subjugation and lead an independent and creative life and a true patriotism that brightly illumines way of achieving prosperity and development of the nation.

The South Korean students are now following the chuche idea. Their action is not based on an impulse of a moment and the instigation of someone, but on the faith they have had, seeing the actual conditions of South Korean society and through their own experiences.

Clear is the criminal purpose sought by the Kim Yong-sam group in brandishing again the blood-stained sword of suppression against the followers of the chuche idea. They intend to put down the South Korean people's sympathy with the North and incite antagonism and confrontation within the nation and stamp out the ever-growing desire of the people for reunification through the collaboration with the communism and the North.

Another purpose of theirs is to suppress the anti-kim Yong-sam, anti-"Democratic Liberal Party" struggle of the people which is gaining momentum with the "local autonomy elections" drawing nearer and bridge over the crisis of their "power".

No force on earth can keep the South Korean people from advancing along the road of independence, democracy and reunification under the banner of the great chuche idea.

The Kim Yong-sam group must clearly know that their suppression of ideology will only precipitate their destruction and must act with discretion.

If they take issue with us and continue their fascist suppression of the followers of the chuche idea ignoring our repeated warnings they shall pay dearly for this.

MINJU CHOSON in a signed commentary says the South Korean people will never pardon those who are trying to undercut the influence of the chuche idea at the point of the bayonet and prolong their remaining days.

Cilreco Urges ROK Authorities To Remove Wall

*SK1905222595 Pyongyang KCNA in English
1506 GMT 19 May 95*

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — The International Liaison Committee for Reunification and Peace in Korea (Cilreco) published a communique on May 2 on the lapse of five years since the dispatch of the international team of investigation into the concrete wall.

In April, 1990, the Cilreco decided to send international teams both to the North and South of Korea to investigate the concrete wall and requested the two sides to accept them and guarantee their personal safety, the communique recalled, adding: It was welcomed by the Democratic People's Republic of Korea but doggedly rejected by the South Korean authorities.

The communique said:

The international investigation team visited the DPRK from April 26 to May 2, 1990 and confirmed at first hand the existence of the concrete wall built in the area South of the Military Demarcation Line. And it informed the world public of the results so that the international community would urge the South Korean authorities to take a practical measure for the removal of the wall. But the South Korean authorities maintain the wall still now.

It is a wanton violation of the world declaration on human rights that they built the artificial concrete wall between the North and the South of the country and block free travels, the communique said, and stressed:

The International Liaison Committee scathingly denounces the anti-reunification moves of the South Korean authorities and calls upon the progressive forces the world over to put pressure on them to pull down the concrete wall and immediately abrogate all the political and legal mechanisms obstructive to reunification and peace process in Korea, and arouse a wide-range public opinion.

Meanwhile, on this occasion a joint statement was published on May 3 by chairman of the Wallon District Council of Belgium Willy Burgeon, former mayor of Geneva Roger Dafflon, President of the Greek Committee for Struggle Against Foreign Military Bases and former General of Greece Georges Pattas, and Secretary General of the Cilreco Guy Dupre [spelling of names as received], who had been involved in the investigation team.

The statement strongly urged the South Korean authorities to demolish the concrete wall symbolic of division and confrontation at once and immediately remove all the political and legal devices obstructive to peace and reunification process in the country.

ROK Refusal To Hold Reunification Rally Noted

*SK2005042895 Pyongyang KCNA in English
0421 GMT 20 May 95*

["Challenge to Fellow Countrymen's Desire for Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — The South Korean puppets at a "meeting of cabinet ministers related to reunification and security" some time ago, said they would not allow the Panmunjom North-South joint rally and other functions for reunification scheduled to be held around August 15, and such large functions for reunification as "people-to-people link" planned by public organizations of South Korea, according to a radio report from Seoul.

This is an overall challenge to the ardent desire of the fellow countrymen for reunification and a vicious move to hold in check the grand national reunification festival for celebrating the 50th anniversary of the liberation of the country.

It will be of significance that fellow countrymen from the North, the South and overseas gather in Panmunjom to join their voices for reunification hand in hand on August 15 this year.

But the road of people from all walks of life in South Korea to functions in Panmunjom has already been checked by the puppets.

The South Korean puppets clamoured about "the invalidation of the armistice system by the North", "accidental matters" and "personal safety" to justify their move not "to allow the North-South joint functions" in Panmunjom.

Lurking behind these remarks is an attempt of the South Korean warmaniacs to provoke a war against the North. They are seeking to lead the situation of the Korean peninsula to the brink of war by opposing the North's proposal to establish a new peace mechanism in place of the present armistice body and aggravating the North-South confrontation.

It is very ridiculous that the warmaniacs, who play a double game with a dagger in their belt, are talking about "exchange between the North and the South" and "North-South dialogue".

The Kim Yong-sam group, forsaken by the people, charged within the ruling quarters and excluded by his master, will surely be overthrown by the nation's stern judgement and severe punishment.

ROK Blocking of Panmunjom Festival Denounced

SK2005135695 *Pyongyang Korean Central
Broadcasting Network in Korean
1220 GMT 19 May 95*

[NODONG SINMUN 19 May commentary: "Only Nationwide Punishment and Being Overthrown Is Required"]

[FBIS Translated Text] The Kim Yong-sam group, holding a meeting of so-called unification and security-related ministers on 16 May, decided to ban all North-South joint rallies and reunification events in Panmunjom which are scheduled to be held by civilian organizations and figures from all walks of life in South Korea around the 15 August national liberation anniversary.

The Kim Yong-sam group also announced it will not allow joint reunification worship in Panmunjom as agreed by Christian organizations of the North and South.

Worse still, the Kim Yong-sam group announced it will ban large reunification-related events, such as forming a human chain, from being held by South Korean public organizations around the 15 August national liberation anniversary, claiming there is a great possibility the reunification-related events planned by various South Korean public organizations and figures will be dragged into North Korea's political purpose.

This is another antinational and antireunification crime blocking the great flow of the entire nation toward national reconciliation, national unity, and national reunification in the wake of the 50th anniversary of national liberation. This demonstrates the fascist tyranny of the traitorous civilian regime.

At present, preparatory work for a Great Reunification Festival to commemorate the 50th anniversary of national liberation is being actively carried out in the North, South, and overseas. Preparatory committees have been formed in South Korea and overseas, not to mention the northern half of the Republic, and work has been briskly carried out to successfully hold a Great Reunification Festival on the 15 August national liberation anniversary as a pannational joint reunification event in which a broad range of patriotic reunification forces will participate.

Thus, the Great National Reunification Festival to commemorate the 50th anniversary of national liberation has matured amid the lofty zeal of compatriots in the North, South, and overseas.

This reality clearly proves that although our fellow countrymen live divided in the North, South, and

overseas, they are the same people who cannot be separated and who aspire to the reunification of the divided people.

As is known, our people were artificially divided by outside forces and suffered numerous misfortunes and pain for over 50 years.

This being the case, our people are ardently waiting for the day when they can shout in one voice that fellow countrymen who lived divided for half a century should be unified as one people and should be allowed to grasp each others' hands by gathering in the Great Reunification Festival in Panmunjom on the occasion of the 15 August national liberation anniversary.

Nevertheless, the Kim Yong-sam group is attempting to block the events of a pannational Great Reunification Festival. How cursed and traitorous an act it is!

What should be taken seriously is that the Kim Yong-sam group is not allowing even religious reunification events, such as forming a human chain which it permitted last year, laying the blame on us.

This suggests that the Kim Yong-sam group is going to advance along the road of confrontation and war against us by checking and blocking even minor movements related to reunification in South Korea.

The traitor Kim Yong-sam is going to ban our fellow countrymen in the North, South, and overseas from holding the national reunification festival to commemorate the 50th anniversary of national liberation and is going to block religionists from holding joint worship to soothe their hearts which have been saddened by the division. Who on earth is the traitor Kim Yong-sam, and why does the so-called civilian regime in South Korea exist?

We sternly denounce and condemn the Kim Yong-sam group's maneuvers to block the Great Reunification Festival, branding them as a wicked challenge to the unanimous aspiration and wish of all fellow countrymen in the North, South, and overseas as well as a vicious crime to permanently maintain national division.

The desperate antireunification hysteria recently displayed by the Kim Yong-sam group is designed to block from being exercised in South Korea the influence of our proposal to commemorate the 50th anniversary of national liberation as a common national festival and of our active efforts to achieve it. The Kim Yong-sam group frantically attempts to block the reunification movement through collaboration with communists and North Korea, as well as the mass reunification movement, in order to settle the crisis in its unsteady hold on power.

The Kim Yong-sam puppet clique desperately opposes the Great Reunification Festival on the 15 August national liberation anniversary because it betrayed the nation and is afraid of the people.

Since the Kim Yong-sam group came to office, it has committed criminal maneuvers one after another to harm the interest of South Koreans and to infringe on the interests of the entire nation.

It is the very Kim Yong-sam group that begged for a permanent occupation of South Korea by U.S. imperialist aggressor forces, and which persistently adhered to maneuvers to harm fellow countrymen by raving about the international cooperative system, sanctions, and so forth after having become a shock brigade for the imperialist reactionaries' nuclear commotion.

After coming to office, the puppet clique severed all North-South dialogue, which even existed in the era of its predecessor regimes. Worse still, the puppet clique, rather than observe etiquette by expressing condolences as a member of the nation, after their countrymen suffered an unexpected misfortune, instead pointed guns at the painful hearts of fellow countrymen, thus unhesitatingly committing an antihuman barbarous act. By doing so, the puppet clique drove North-South relations, which were developing in a good manner, into their worst phase.

With several hundred and several thousand empty promises and deceitful reforms, the puppet clique promoted corruption, irregularities, and confusion in society, and turned South Korea into a wasteland where the worst social crimes, including various types of accidents and miserable events, rampage. The puppet clique's crime is indeed very grave.

All acts carried out by the Kim Yong-sam group are a series of political failures and only bring disaster upon the nation and calamities to the people.

With this grave crime, the Kim Yong-sam group has been abandoned by the people. This is precisely why it is afraid of the people and is attempting to block the representatives of the nation from getting together to stage a Great Reunification Festival.

The open declaration of the traitorous Kim Yong-sam group to ban the Great Reunification Festival on the national liberation anniversary, to which all fellow countrymen unanimously aspire, more clearly shows the weakness of the so-called civilian regime.

The world has confirmed that the Kim Yong-sam group now faces death. Even having lost reason, and being engrossed with a sense of crisis, the traitor Kim Yong-sam commits atrocious acts that will certainly make him

go to an even worse place than Paektam Temple [where former President Chon Tu-hwan stayed in seclusion after the presidency].

The entire nation should punish and overthrow the Kim Yong-sam group, which is repeatedly committing treacheries by challenging the aspiration of the nation and the desire of the people.

Our people will calculate all grave crimes by the Kim Yong-sam group without omission and will settle accounts with punishment.

Daily Stresses National Reunification Cause

SK2205105595 Pyongyang NODONG SINMUN in Korean 5 May 95 p 1

[Editorial: "Let Us Find a Breakthrough in Achieving National Reunification in the Nineties by Tearing Down the Wall of Division"]

[FBIS Translated Text] In the party Central Committee's slogan on the occasion of the 50th anniversary of the founding of the Workers Party of Korea [WPK], the WPK Central Committee has presented a military task to achieve national reunification as soon as possible by upholding the cause for reunification of the great leader Comrade Kim Il-song, the father of our nation.

While more heart-breakingly expressing his grief more than anyone else over the pain the fellow countrymen suffer because of the territorial division and national separation, the great leader Comrade Kim Il-song, the sun of the nation, made all efforts to present the unified fatherland to our people until the last moment of his life. Contained in the party Central Committee's slogan is our party's firm and solid will to endlessly consummate the patriotic cause for national reunification for which the great leader Comrade Kim Il-song, founder and builder of our party, devoted his all, as well as for which he so desired during his lifetime, even though he regrettably passed away. Contained in the slogan is also the patriotic and nation-loving mission to reduce the suffering fellow countrymen's pain and to create a new turning point for national prosperity by completing the national cause for independence as the revolutionary party responsible for the destiny of the nation.

The great leader Comrade Kim Il-song has taught: "Today, the most pressing task assigned to the whole Korean nation is to terminate the tragedy of the national division and to achieve national reunification."

Reunification in the nineties is the great leader Comrade Kim Il-song's behest. The great leader Comrade Kim Il-song made every effort for national reunification and gained an immortal and great achievement by saying,

during his lifetime, that the maximum gift he could give our fellow countrymen was national reunification.

All fellow countrymen in the North, South, and overseas — who have totally entrusted the destiny of the country, nation, and oneself to the great leader Comrade Kim Il-song, warmly admiring him as the sun of the nation and the lodestar of the national reunification — are still filled with a heart-breaking feeling of failing to highly uphold him on the platform of national reunification. The revolutionary duty and mission of our party members and working people, as well as the obligation of all fellow countrymen are to terminate the national division and to achieve national reunification by upholding the great leader Comrade Kim Il-song's behest for reunification.

This year is the year of marking the 50th anniversary of national liberation, as well as the 50th anniversary of national division. Today, our people — who have inherited the same blood, language, and cultural tradition for half a century by upholding Tangun as the original founder — live in a Korea divided into the North and the South. This is a national shame and tragedy that cannot be forgiven. National reunification is the noble patriotic-and-nation-loving cause to recover the original appearance of the ancient Tangun nation and the single nation, as well as the lofty task for the national prosperity and development.

Proceeding from a high degree of their mission to achieve the leader's cause for patriotism and national reunification, political parties and organizations in the northern half of the Republic, including the WPK, have taken the initiative in greeting the 50th anniversary of national liberation as the great reunification festival of the common nation in which the people from the North, South, and overseas can participate, as well as in opening the great national conference in which the political parties, organizations, and people from all walks of life can decide on the national reunification method, sitting together. If the great reunification festival is successful on the occasion of the 50th anniversary of national liberation, this will serve as a turning point in finding a breakthrough for national reconciliation, harmony, and reunification in the nineties.

In tearing down the wall of the division and in completing the national reunification cause, it is important to firmly adhere to the principle and plans for the national reunification presented by the great leader Comrade Kim Il-song, as well as to thoroughly embody them in the reunification movement.

Based on his scientific insight into the essence and character of the reunification issue and our country's reality, the great leader Comrade Kim Il-song declared

at an earlier date, the three principles of national reunification: independence, peaceful reunification, and the great unity of the nation. Also, he presented the great principle of the national reunification formula to achieve reunification through a confederal system based on one nation, one state, two systems, and two governments, expounding on the Democratic Confederal Republic of Korea formula that embodied the principle.

The three principles on the fatherland's reunification are unchanging principles on reunification and a program on reunification that must be maintained to solve the problem of reunification in compliance with the nation's will and national interests, no matter how much the situation in our country may change. And, founding a confederal state based on the formula of one nation, one country, two systems, and two governments is the most realistic reunification formula under the circumstances of our country in which different ideas and systems exist in the North and South. The three principles on the fatherland's reunification and the formula on founding a confederal state are the most valuable legacies that the great leader Comrade Kim Il-song had left in the cause of reunifying the fatherland. They are also the nation's common assets for solving the problem of the fatherland's reunification, the nation's earnest desire. They are also theoretical and practical weapons that ensure the completion of the reunification cause. Our fellow countrymen in the North, the South, and abroad must strongly adhere to the three principles on the fatherland's reunification and vigorously stand up in the struggle to found the Democratic Confederal Republic of Koryo and reunify the fatherland.

Achieving the great national unity of the entire nation under the banner of the "10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Fatherland," which the great leader Comrade Kim Il-song presented, and strengthening the main forces for reunification, are decisive guarantees to crush the criminal maneuvers by the divisionists at home and abroad and to complete the cause of the fatherland's reunification. The cause of the fatherland's reunification is the entire nation's cause for independence, the nation's life, and a pannational cause that can only be achieved on the united strength of political parties and public organizations in the North, the South, and abroad, and people from all walks of life. Today's reality, in which the divisionists, challenging the nation's aspirations for reunification, are more viciously maneuvering to seek the perpetuation of the division and North-South confrontation, presents the great national unity of the entire nation, which aspires for reunification, as a more urgent requirement. Even though there are different ideas and systems in the North and the South, the North and the

South have a common national trait of having the same race that originated from Tangun, the original founder. Anyone who worries about the future of the nation, irrespective of whether he is in the North, in the South, or abroad, a communist or a nationalist, a proletarian or a bourgeois, an atheist or a theist, must transcend their differences and, as members of the same race, achieve the great national unity of the entire nation based on a love for the nation and the spirit of national independence, the nation's common ideals.

And, those with strength should devote strength, those with knowledge give knowledge, and those with money donate money, thus making tangible contributions to the fatherland's reunification and the prosperity and development of the reunified fatherland. This is the way for all of us to fulfill our duty as members of the nation and to love the nation.

To achieve the great national unity of the entire nation, personages from political and social circles in the North and the South and abroad must meet, exchange views, and take common steps on the road toward the fatherland's reunification. Reunification movement organizations in the North, the South, and abroad must join forces to wage a joint struggle to reunify the fatherland. They must also strengthen solidarity among themselves in this struggle. In particular, they must expand and strengthen the National Alliance for the Country's Reunification, the entire nation's reunification movement federation, and build powerful, independent forces for reunification.

Crushing the maneuvers by the divisionists to hinder reunification is a realistic demand for removing obstacles to reunification and achieving a breakthrough in reunification in the nineties. The Kim Yong-sam ring of South Korea is a toadyist nation-seller who resolutely opposes the fatherland's reunification through national cooperation and pursues "international cooperation" with outside forces to harm its fellow countrymen. The Kim Young-sam ring is also a war maniac and a betrayer of the nation who is afraid of independent, peaceful reunification through great national unity, maintains the wall of division and the vicious antireunification laws, inspires mistrust, enmity, and confrontation between the fellow countrymen, and does not hesitate to ignite the fuse to a war of northward aggression. The Kim Yong-sam ring is an antinational, inhumane, and brutal group that did not even observe basic courtesy when its fellow countrymen suffered an accident and used the accident in worsening North-South relations and maintaining its rule.

If the Kim Yong-sam traitorous clique is left intact, neither the country's peace, nor the grand national unity,

nor the fatherland's reunification can be achieved; nor can one avoid the situation in which the ravages of a war are inflicted upon the compatriots. In recent days, the Kim Yong-sam ring is talking about "the resumption of dialogue" and "exchanges and cooperation." But, such remarks are nothing but the disguised slogans aimed at covering up the ring's own antinational nature. Our compatriots in the North, the South, and overseas should firmly unite as one to check and frustrate the outside forces' acts of aggression and interference, and the splittist forces' flunkeyist and nation-selling activities; and they should wage a vigorous struggle to smash the anticommunist, anti-North maneuvers by the splittist forces who are inspiring the antagonism and confrontation among the compatriots while clamoring about "a southward invasion" and "communization." It is also necessary to wage a vigorous struggle to avert the danger of a war, which is further growing due to the outside forces and the South Korean puppets, turn the Armistice Agreement system into a peace system, and defend the country's peace and the national well-being.

The responsibility of the South Korean workers, peasants, youths, students, and intellectuals — who are struggling in a direct confrontation with the splittist forces, with regard to effecting a breakthrough for the reunification in the nineties — is very heavy. The pro-reunification patriotic forces, including the South Korean youths and students, have strenuously carried out a patriotic movement for independence, democracy, and reunification under the difficult circumstances in which the foreign aggressive forces and their stooges — the dictatorial police and military forces — have mounted the brutal suppression at every stage; and such forces have shed much blood in this process.

The reality in South Korea shows that, although the Kim Yong-sam ring has assumed power behind the facade of "a civilian government," the ring is also a group of traitors, who are the same as the previous ruling forces; and it also shows that nothing can be expected of the ring. The South Korean people from various walks of life, including workers, peasants, youths, and students, should vigorously rise in a struggle to overthrow the Kim Yong-sam traitorous "regime" and establish an independent, peaceful regime, while holding higher the banner of independence, democracy, and reunification. In particular, they should wage a vigorous struggle to abolish the "National Security Law," an antireunification and antidemocratic, evil law, and dismantle the "Agency for National Security Planning," the headquarters of anticommunist artifices and fascist suppression. Existing just along the road to such a struggle are a way to achieve the national independence; a way to achieve the freedom of ideology to study and have faith in advanced

ideologies, including the *chuche* idea and the freedom to discuss national reunification and carry out movements for national reunification; a way to realize democracy; and a way to bring down the barrier of division and advance the national reunification.

In order to win victory in this struggle, the South Korean people should have a correct understanding of the nature of the "civilian" fascist clique; resolutely smash the clique's splittist, subversive maneuvers; realize the unity of all organizations which are carrying out movements for national reunification; and further develop a joint struggle of solidarity. Unity is strength and unity is victory.

The future road to our people's struggle to bring down the barrier of division and to effect a breakthrough for the national reunification in the nineties is arduous, but our victory is decisive.

Standing at the head of our people's movement for the fatherland's reunification is the great leader [yongdoja] Comrade Kim Chong-il, who is enjoying the boundless respect and trust by all countrymen as the sun of the nation, the lodestar of the fatherland's reunification, and the center of the grand national unity, because of his outstanding ideology and leadership ability, because of his noble popular traits, and because of his achievements made for the fatherland's reunification and the national, independent cause.

The most correct principle, method, and strategy for struggle for the fatherland's reunification, which were provided by the great leader Comrade Kim Il-song, too, are illuminating the future road to the victory of the movement for the fatherland's reunification.

Let us, all compatriots in the North, the South, and overseas, vigorously rise in a sacred patriotic struggle to advance the independent and peaceful reunification of the fatherland at an early date in firm unity around the great leader Comrade Kim Chong-il and under his wise leadership, while upholding the great leader Comrade Kim Il-song's last wishes.

Pomchonghangnyon Group Holds News Conference

SK1905101695 *Pyongyang KCNA in English*
1005 GMT 19 May 95

[FBIS Transcribed Text] Tokyo, May 17 [date as received] (KNS-KCNA) — The overseas headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) called a press conference at the office of the overseas headquarters of the National Alliance for the Country's Reunification in Tokyo on Monday [15 May].

Its Co-Chairman Hwang Yong-chi told at the conference that a joint declaration of Korean youth and students in the North, the South and overseas would be adopted at the forthcoming June 3 rally of youth and students. In this regard the overseas headquarters of Pomchonghangnyon will set a period of campaign for the declaration and make Korean youth and students in the North, South and overseas conduct a signature campaign for support to it, he declared.

Then Co-Chairman Pak Ku-ho made public a programme of the campaign for the declaration.

The programme noted that the campaign for the declaration on national reunification to be adopted by the youth and students in the North, the South and overseas for the reconciliation and great unity of the nation will be a struggle of solidarity to make the first breakthrough in the movement for reunification in the historical year 1995 by arousing the youth and students in the North, South and overseas to a vigorous struggle for significantly marking the 50th anniversary of national liberation.

Pyongyang Declaration Said Signed by 221 Parties

SK2005103295 *Pyongyang KCNA in English*
1028 GMT 20 May 95

[FBIS Transcribed Text] Pyongyang May 20 (KCNA) — Political parties of different countries have renewed their will to defend the cause of socialism to the last under the banner of the Pyongyang Declaration "Let us defend and advance the cause of socialism" on the occasion of the third anniversary of its adoption by the leaders and delegates of political parties aspiring after socialism who came to Pyongyang in April 1992 to celebrate the birth anniversary of the great leader President Kim Il-song.

The political parties signing the declaration are increasing in number today after the lapse of three years since its publication. As of April 20 it was signed by 221 parties more than three times as many as at the time of the publication.

On the third anniversary of the publication of the Pyongyang Declaration congratulatory messages and letters came to the great leader Comrade Kim Chong-il from party leaders of different countries.

V. Tyulkin, first secretary of the C.C. [Central Committee] the Communist Workers' Party of Russia, said in his message that the Democratic People's Republic of Korea is the socialist fortress of *chuche* and it has been confirmed by the Pyongyang Declaration.

Political parties in Madagascar, Peru and other countries made public statements on this occasion.

The New Party of the Congress for the Independence the Action for the Renaissance, the Monima Socialist Organization, the Socialist Progressive Party and four other political parties of Madagascar said in a joint statement that they would struggle for global independence with the Pyongyang Declaration as the guide of their activities. The statement called upon the revolutionary political parties the world over to realize the ideal of socialism, closely united under the banner of the Pyongyang Declaration.

Meetings and other colorful functions were held in different countries to mark the anniversary. Party leaders issued statements to the press and foreign newspapers carried articles proving the vitality of the declaration.

Cuban Embassy Officials Attend Photo Exhibit

*SK1905051295 Pyongyang KCNA in English
0418 GMT 19 May 95*

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — A Cuban photo exhibition and film show took place in Pyongyang on Thursday on the occasion of the centenary of the death of Jose Marti, a national hero of the Cuban people.

The Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and officials of his embassy were invited there.

Present there were Choe Ki-yong, chairman of the state education commission and chairman of the Korea-Cuba solidarity committee, Yi Song-ho, vice-chairman of the Korean Committee for Cultural Relations with Foreign Countries, other officials concerned and working people in Pyongyang.

There were speeches at the exhibition.

The participants looked around the photos and appreciated a Cuban feature film.

Nepalese Official Relates Impressions of DPRK

*SK1705213395 Pyongyang KCNA in English
1506 GMT 17 May 95*

["Korea is Socialist Country Centred on Masses" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 17 (KCNA) — "I saw at first hand that the *chuche* idea fathered by the great leader Comrade Kim Il-song has been successfully carried into practice. Korea is a socialist country centred on the masses."

Narayan Prasad Bhattarai, secretary of the office of the Nepalese prime minister, said this, giving his impression of Korea when he was interviewed by a KCNA reporter before his departure some time ago.

He said: "I have made a deep study of the works of the great leader Comrade Kim Il-song since my younger days because his *chuche* idea became a new guiding idea for the progressive people the world over."

"I came to Korea and had a good chance of again grasping the profound idea carried in his works," he said, and added: "I feel satisfied at my Korea visit as I have had a new knowledge of the *chuche* idea, the idea with which human beings should be equipped."

He expressed the belief that the Korean people will make greater achievements under the leadership of dear Comrade Kim Chong-il.

WPK Sends Greetings to Canadian Communist Party

*SK1905105195 Pyongyang KCNA in English
1042 GMT 19 May 95*

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] today sent a message of greetings to the 31st Central Congress of the Communist Party of Canada [CPC].

The message said that the congress will be a historical occasion in the struggle to defend the socialist idea and achieve the unity of the party.

The message expressed the belief that the friendly and cooperative relations between the WPK and CPC will further strengthen and develop and wished the congress great success.

Foreign Newspapers Carry Works of Kim Chong-il

*SK1805051295 Pyongyang KCNA in English
0433 GMT 18 May 95*

[FBIS Transcribed Text] Pyongyang, May 18 (KCNA) — Famous works of the great leader Comrade Kim Chong-il were carried by foreign papers.

The Madagascan paper IMONGO VAOVAO [spelling of newspaper as received] carried the work "Abuses of Socialism Are Intolerable".

The work is a powerful weapon which gives faith in certain victory and courage to the revolutionary parties and peoples who aspire after socialism and struggle to accomplish the human cause of independence and deals a heavy blow to the imperialists and their servants who abuse socialism, the paper said in the preface.

The Pakistani paper TRUST ran an article explaining the work "Socialism Is a Science".

In the article the paper noted that his excellency Kim Chong-il proved on the basis of the *chuche* idea that

collectivism is the essential demand of man, thus bringing to light the absurd and deceptive sophism of the imperialists who have distorted the intrinsic nature of man and whitewashed capitalism.

The Czech paper DIALOG carried the work "On the Fundamentals of Revolutionary Party Building".

Kim Chong-il Sends Letters of Thanks to Leaders

SK1905051695 *Pyongyang KCNA in English*
0416 GMT 19 May 95

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — The great leader Comrade Kim Chong-il sent messages to foreign party leaders and heads of state in reply to the messages they sent on the occasion of the birth anniversary of the great leader President Kim Il-song.

Comrade Kim Chong-il replied to Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party, president of the Council of State and president of the Council of Ministers of the Republic of Cuba; Ilyas al-Hirawi, president of the Republic of Lebanon; and Choudri Hamid Nasir Chata [name as received], president of the Pakistan Muslim League.

Comrade Kim Chong-il in the reply messages expressed deep thanks to them for their cordial messages on the occasion of the birth anniversary of President Kim Il-song.

Comrade Kim Chong-il expressed the belief that the friendly and cooperative relations between Korea and those countries will develop on good terms.

Kim Chong-il Sends Centenary Birthday Table

SK1905051395 *Pyongyang KCNA in English*
0422 GMT 19 May 95

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — The great leader Comrade Kim Chong-il sent a centenary birthday table to woman Kim Sun-yo residing in Sudae-ri, Ongjin County, South Hwanghae Province.

The birthday table was handed to her on Thursday.

The old woman who was born into a poor peasant family in Pyoksong County, South Hwanghae Province, in May 1895 has lived a happy life ever since the liberation of the country (August 15, 1945).

The number of macrobians is increasing thanks to the free medical care in the Democratic People's Republic of Korea.

Kim Il-song Potong River Project Described

SK2005102595 *Pyongyang KCNA in English*
1020 GMT 20 May 95

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — The great leader President Kim Il-song kindled the first torchlight of the nation-building movement on May 21, 49 years ago.

The Korean people, greeting this day, recollect the historic day with deep longing and boundless reverence for President Kim Il-song.

The president liberated the country from the yoke of the Japanese imperialist colonial rule on August 15, 1945, unfolded a grand blueprint of building a prosperous new country and espoused the entire Korean people to the struggle for its realisation.

He initiated the Potong River improvement project as part of this undertaking and took part in a ceremony for starting the project on May 21, 1946. He said in his encouraging address that the Potong River shoring-up work is the first project the Pyongyang citizens contribute to the building of a new, democratic Korea with their patriotic labour. They should carry out the magnificent project by their own efforts as soon as possible, he noted, stressing that the entire Korean people should firmly unite as one and achieve the cause of constructing a new country victoriously.

Amid enthusiastic applause of people, he broke the ground for the project.

The Potong River, flowing through the western part of Pyongyang, was called a river of grievance as it inflicted flood damage on the people in this area before the nation's liberation.

Busy though he was leading the building of a new country, President Kim Il-song proposed carrying out the Potong River improvement project in December 1945. When the design was worked out, he examined it and explored the spot of the project.

After breaking the ground for the project, he spent a quarter of the day working with the people. Afterwards, he often went out to the spot and encouraged the patriotic enthusiasm of the people.

In response to the call of the president, the Pyongyang citizens finished the project in a matter of 55 days, though the Japanese imperialists had worked on it for ten years, without being able to finish it, and turned the Potong River, which had caused people to shed tears, into a river of happiness, a river of paradise. This marked the commencement of the all-people nation-building movement and spread across the country.

Upholding his plan for building a new country, the Korean people rehabilitated in a short time many factories and enterprises across the country destroyed by the Japanese imperialists and built new towns and rural villages, changing the looks of the country.

The Korean people erected the monument to the Potong River improvement project here in order to hand down the feats of President Kim Il-song.

Korea observes May 21 every year as day of the builders.

Birth Anniversary of Kim Il-song Marked Abroad

*SK2005042495 Pyongyang KCNA in English
0412 GMT 20 May 95*

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — "The sun of chuche shines forever."

This was said at commemorative functions held in different countries on the occasion of the birth anniversary of the great leader President Kim Il-song.

The birth anniversary of President Kim Il-song was significantly commemorated by the world people this year, too.

About 100 political parties of more than 50 countries including Russia, Bulgaria, Mexico and Mali organised various functions on April 15, the first since President Kim Il-song passed away, and expressed highest respect for him, looking back on his great life which was devoted to the Korean revolution and the world revolution.

Party leaders at functions highly praised President Kim Il-song as the most outstanding thinker and theoretician of our era, the great master of the world socialist movement, the eternal sun of all people and the greatest of great men.

Commemorative functions were also held in more than 100 countries including Pakistan, Syria, Italy, Colombia, Norway and Ethiopia.

Participants highly praised President Kim Il-song as the great leader of people, the great statesman produced by humankind and laid stress on commemorating April 15 every year as a common holiday of humankind to remember his immortal exploits forever.

On the significant holiday of April President Kim Il-song was awarded the title of honorary citizenship and a city medal in Ica city, Peru and the title of a patriarch of the sun in Nigeria.

The brief biography, famous works and reminiscences "With the Century" of President Kim Il-song were translated and published in foreign countries and foreign

news media carried special write-ups on the holiday of April.

His famous works were brought out in pamphlet in Yugoslavia, Guyana, Laos and many other countries and his works, reminiscences and brief biography were reported and special write-ups of several pages carried by newspapers of more than 100 countries including the Malaysian paper KUANG MING YIT POH, the Singaporean paper STRAITS TIMES, the Brazilian paper HORA DO POVO and the Ugandan paper NGABO.

Special issues of bulletins were printed by friendship organisations in Ukraine, Madagascar, the Czech Republic, Nigeria and other countries.

Books "Our Retrospection of Comrade Kim Il-song" and "Korea" were published in Nepal and Poland and a collection of poems "Looking Up To Great Men" in Madagascar.

About 110 pieces of works revering President Kim Il-song were made public in 22 countries including Guyana, Syria and Guinea on the holiday of April.

Kanggye Electricity Workers Increase Production

*SK1805130895 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 17 May 95*

[FBIS Translated Text] Party members and working people of Kanggye youth power station, whose hearts are filled with resolution to fulfill their responsibility and duties as fighters and disciples of the great leader, normalized electric power production at a high level by upholding the slogans of the party Central Committee issued on the occasion of the 50th anniversary of the Workers Party of Korea.

According to a report by correspondent Choe Un, workers and technicians in the No.1 power generation work site with the red banner of three revolutions, who rose in the struggle to supply more electric power to various domains of the national economy according to the demand of the party, are carrying out more reasonable distribution of loads to generators under close coordination with the electricity supply officer, and thoroughly ensured the high water-level and high-performance operation. Thus, they overfulfilled the daily electricity production plan more than 110 percent.

The electric power producers in No.3 electricity generation work site with the red banner of three revolutions, recalling with deep emotion the glorious days when the great leader visited their work site 30 years ago and declared the operation of the power station by personally

starting the generators, ensured operation of each generator at full capacity and thus normalized electricity production at a high level.

Wiwon Power Plant Overfulfills Daily Target

SK2105013895 *Pyongyang Korean Central Broadcasting Network in Korean*
1200 GMT 20 May 95

[FBIS Translated Text] Workers of the Wiwon power plant, who unanimously rise to implement the party Central Committee's slogan on occasion of the 50th anniversary of the founding of the Workers Party of Korea, are vigorously struggling to increase power production to the maximum. With a vigorous spirit to overfulfill the monthly target this year, they have overfulfilled the daily target by 110 or 120 percent during this month.

Coal Complexes Report Increase in Production

SK1705213195 *Pyongyang KCNA in English*
1503 GMT 17 May 95

[FBIS Transcribed Text] Pyongyang, May 17 (KCNA) — Working people of the field of coal industry across Korea are bringing about innovations in production upholding the calls of the Central Committee of the Workers' Party of Korea on the 50th anniversary of its foundation.

Workers of the Pukchang area coal complex are continuing to increase coal output by introducing new blasting method with the honour of standing in the forefront in implementing the revolutionary economic strategy of the Workers' Party of Korea. In particular Chenam, Inpo and Hoen coal mines are topping their daily plans by 10 and 20 percent in recent days.

Coal mines under the North Hwanghae provincial management bureau of minor coal mines are carrying out their tunnelling plans at 130 percent and coal output plans at 120 percent every day.

The February 8 Chik tong coal mine of the Sunchon area coal complex provided a prospect to increase annual coal output by hundreds of thousands of tons with technical innovations and improvement of cutting method and reduced production cost by 4 percent.

Many coal mines such as Songga and Tokchon coal mines are actively increasing production with the aim to fulfil their coal production plans of this year before the 50th anniversary of the foundation of the Workers' Party of Korea.

Tae'an Heavy Machinery Complex Production Rises

SK1805003495 *Pyongyang Korean Central Broadcasting Network in Korean*
1200 GMT 17 May 95

[FBIS Translated Text] The functionaries and working class of the Tae'an Heavy Machinery Complex are accelerating the production of power generating equipment, while vigorously carrying out the technical innovation movement.

They are adding new spurs to the production of the large- and medium-sized power generating equipment to be sent to the construction sites of power plants in various places by actively accepting technical innovations and rational work methods.

As a result of actively accepting new inventions and rational devices, the party members and machine operators of this enterprise achieved great success in the battle to produce a 50,000-kilowatt hydroelectric power generator and a 45,000-kilowatt hydroelectric power generating facility.

Also, in a short period of time, they have produced a 2,000- kilowatt hydroelectric power generating facility for five power generators. At the moment, they are waging a vigorous struggle at each work site, while accepting new technology to further advance the production of a 3,200-kilowatt hydroelectric power-generating facility.

Scientific Research Achievements at Universities

SK1805224395 *Pyongyang KCNA in English*
1513 GMT 18 May 95

[FBIS Transcribed Text] Pyongyang, May 18 (KCNA) — Universities of Korea made valuable research achievements contributable to the scientific and technical development of the country and to the chuche-orientation, modernization and scientification of the national economy.

More than 4,500 cases of 1,500 kinds of successful researches were put on display at the exhibition of scientific research achievements which was held recently at Kim Chaek University of Technology.

Most of them showed scientific research achievements contributable to carrying through the revolutionary economic strategy of the Workers' Party of Korea.

Drawing the attention of experts were the method of growing seedlings from dried rice seeds exhibited by Kim Il-song University and the method of increasing the mulberry tree productivity per hectare several times shown by Wonsan University of Agriculture.

Pyongyang University of Mechanical Engineering made a farm machine of new type which helps increase work efficiency ten times and raise per hectare yield of rice.

Achievements of scientific research helpful to the development of the light industry included 450 kinds.

Kim Chaek University of Technology produced the result of research for the production of printing pattern films which is of weighty significance in the development of the printing industry.

The University of Construction and Building Materials production put on display a polishing stone and 70 other kinds of researches which have a good prospect of export.

Also on display were hundreds of kinds of successful researches contributable to the coal, metal and power industries and railway transport, which were sent by other universities.

'New Innovations' in National Production Reported

*SK1905101895 Pyongyang KCNA in English
1009 GMT 19 May 95*

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — Working people across the country are effecting new innovations in production in hearty response to the calls of the Central Committee of the Workers' Party of Korea published on the occasion of its 50th foundation anniversary.

Workers at the Kim Chaek Iron and Steel Complex, the nation's leading iron and steel producer, are keeping the production on a high and steady basis by fully tapping potentials available for the production and actively introducing rational methods.

In recent days alone, the complex produced 40,000 more tons of pig iron, 30,000 more tons of steel and 34,000 more tons of rolled steel than in the same period of last year.

The East Pyongyang Thermal Power Plant is overfulfilling its daily quota of power production by 17 percent these days.

The Sangwon Cement Complex increases its daily production of clinker and cement by two percent by operating equipment at full capacity.

Railway workers are these days carrying much more freight than the plan through an active drive for extra-haulage.

The Pyongyang Railway Bureau in particular carries nearly 10,000 more tons of freight on a daily average in May than the figure of last month.

A big upsurge in production is being made at the Yong-song Associated Machinery Bureau, the Nampo General Smeltery Works, Songchon Mine, the Korea Silk Association and other units of the national economy.

WPK Slogans Reflecting 'Aspirations' of Masses

*SK1805105295 Pyongyang KCNA in English
1010 GMT 18 May 95*

["Powerful Calls Propelling Revolution and Construction" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 18 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] made public calls on the occasion of the 50th anniversary of its foundation. The Korean people, in hearty response to the calls of the party Central Committee, are now effecting a new revolutionary upsurge in the socialist construction with their determination to make their country, their motherland more powerful and prosperous, rallied closely around the great leader Comrade Kim Chong-il.

The WPK has put forward calls in each period and at each stage of revolutionary development to successfully carry out the tasks of revolution and construction.

The party Central Committee made public calls five times from April 1954 right after the war to August 1957 to arouse all the people to the post-war rehabilitation and construction and to the socialist revolution.

In response to the calls the Korean people rehabilitated the ruined economy and rebuilt towns and villages in a short span of time. About 300 factories and enterprises were rebuilt in 1956 and the three-year plan was carried out in two years and eight months.

The socialist transformation of production relations was completed in Korea in 1958.

The working people of Korea, not slackening high spirit, brought about new miracles and innovations in the socialist economic construction under the slogan of the party "Let us advance at the speed of Chollima".

Industries made leaping progress and the historic task of socialist industrialisation was successfully carried out in 1970.

The flames of the great upswing flared up with the adoption of the calls of the party Central Committee on the occasion of the 30th foundation anniversary of the WPK in February 1975 when the Korean people were making brilliant achievements in the fulfilment of the six-year plan and carrying on revolution and construction by leaps and bounds under the banner of the three revolutions, ideological, technical and cultural.

In the 80s and the 90s the party Central Committee published calls on the occasions of the sixth party congress, the 40th anniversary of the liberation of the country and the 40th anniversary of the victory in the fatherland liberation war, so that all the people might add lustre to the socialist system of Korean style centering on the popular masses in singlehearted unity around the party and the leader.

In this period the Korean people made shining achievements in the socialist economic construction and consolidated the socialist system as firm as a rock by giving full play to mass heroism and creative talents.

During the third seven-year plan (1987-1993) industrial output went up 50 percent and the rate of growth on an annual average reached 5.6 percent.

With the successful progress of capital construction to the tune of tens of billions of won about 11,000 industrial establishments were commissioned.

Indeed, the calls of the WPK, the most revolutionary slogans reflecting the desire and aspirations of the popular masses, give a strong impetus to the development of revolution and construction.

Equality, Independence Urged in Global Ties

SK1905104795 *Pyongyang KCNA in English*
1040 GMT 19 May 95

["Principles of Equality and Independence Should Be Adhered to in International Relations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — The Central Committee of the Workers' Party of Korea (WPK) in the calls published on the occasion of the 50th anniversary of its foundation stresses the need to abolish the old international political and economic order of domination and subordination and to defend equality and independence in international relations.

NODONG SINMUN today says that the calls reflects the steadfast resolution and will of the WPK to invariably adhere to and fully carry out the instructions of the great leader Comrade Kim Il-song on developing international relations on the principles of equality and independence, taking them as the guideline in the foreign policy.

The great leader Comrade Kim Il-song taught as follows:

"No privilege and no arbitrariness should be tolerated in international relations; friendship and cooperation among countries must be fully developed on the principles of mutual respect, non-interference in the affairs of other countries, equality and mutual benefit."

The author of the article says:

All countries and nations should adhere to the principles of equality and independence in international relations so that they can abolish the old international domination and subordination and establish a new, fair one.

Domination and subordination and the old unfair must not be tolerated in the present international community today when the countries and nations are aspiring at independence.

In order to fully exercise their sovereignty, all countries must not have their own sovereignty infringed upon nor infringe upon other countries.

Unless the principle of equality based on sovereignty is maintained in international relations, progressive humankind can never escape from the domination and subordination of the imperialists. Nor can they realise their aspiration and demand for independence.

When all countries and nations establish and develop state relations on the principle of independence, it will be possible to form fair and equal relations between countries and moreover abolish the old international order of domination and subordination and establish a new one.

Institute Publishes Bulletin on Chuche Era

SK1805224495 *Pyongyang KCNA in English*
1516 GMT 18 May 95

[FBIS Transcribed Text] Pyongyang, May 18 (KCNA) — The bulletin "Era of Chuche" No. 48 was published by the Asian Regional Institute of the Chuche Idea.

The famous work of the great leader President Kim Il-song "Answers To Questions Raised by a Delegation of Journalists of WASHINGTON TIMES From the United States" is carried in the bulletin.

The bulletin edits an article "The Revolutionary Exploits of President Kim Il-song Will Shine Forever", treatises "Philosophical Principle of the Chuche Idea" and "The Chuche Idea, Doctrine Lighting Way For Independence, Peace and Friendship", an article "Study and Dissemination of the Chuche Idea", travel notes "Harmonious and United Society" and "Truth and Falsity", and so on.

Under the title "Deep Condolence Upon Death of Respected Leader President Kim Il-song, Founder of Chuche Idea" the bulletin gives accounts of memorial functions for the president held in India.

Talk Praises 'Self-Reliant' National Economy

*SK1805093295 Pyongyang Korean Central
Broadcasting Network in Korean
0335 GMT 18 May 95*

[Unattributed talk: "Let Us Thoroughly Implement the Party Central Committee Slogans by Further Displaying the Vitality of the Self-Reliant National Economy"]

[FBIS Translated Text] Now all the people across the country are waging a vigorous struggle to implement the party Central Committee slogans, receiving them with a strong emotion.

One of the party Central Committee slogans on the 50th anniversary of the founding of the Workers Party of Korea notes: The most important task for our party today in carrying out the cause of socialism is to carry out economic construction well. Long live our party's self-reliant economic line whose ever-victorious vitality has been proven in socialist construction!

Yes, indeed. The most important task for our party today in carrying out the cause of socialism is to carry out economic construction well. In order to do so, we must thoroughly display our party's self-reliant national economic construction line whose ever-victorious vitality has been proven.

The might of our country's self-reliant national economy is very great today. The great leader Comrade Kim Il-song put forth the original line on self-reliant national economic construction for the first time in history and wisely led the struggle for its realization. The self-reliant national economic construction line put forth by the great leader is an independent line of our own style on building the most solid and strongest economy that is not subjugated to others but is carried out on our own and that develops the resources of our country, by our own technology, and by the strength of our own national cadres and people.

This line brilliantly embodies the *chuche* idea and is the most just line that is based on the scientific analysis of the inevitability of socialist economic construction and the present demand of our times when the revolution and construction are carried on by the nation state as a unit.

Beginning in the initial stage of building a new society, the great leader Comrade Kim Il-song made great efforts to build a self-reliant national economy in this land. Thanks to the wise leadership of the great leader, our people were able to build the strongest and mightiest self-reliant national economy in a short period of time. Without being affected by any world-wide economic upheavals or confusion, our people were able to bring forth continuous growth in economic development.

The great leader Comrade Kim Chong-il has noted: As we did in the past, we must, in the future as well, invariably and persistently keep up and thoroughly implement the self-reliant national economic construction line.

To persistently keep up the self-reliant economic construction line and display its vitality even more highly is the sacred struggle to defend, adhere to, and add luster to the immortal achievements made by the great leader and to wholeheartedly uphold the fatherly leader's behest on further improving the people's standard of living by thoroughly implementing the party's revolutionary economic strategy under the leadership of the great leader Comrade Kim Chong-il.

Moreover, our people are now living in an important time of a general march to add further luster to their country, their 5,000 year-long history of the fatherland and display the might of the Kim Il-song nation and the *chuche* Korea by effecting unprecedented upsurge in socialist economic construction upholding the party Central Committee slogans issued on the 50th anniversary of the party founding.

To attain great success in socioeconomic construction in the sacred struggle in this stirring time, we must display the vitality of self-reliant national economy more thoroughly. Let all party members and working people thoroughly display the might and vitality of the self-reliant national economy and effect a greater upsurge in socialist economic construction for implementing the party Central Committee slogans, so that they can vigorously demonstrate the invincibility of the *chuche* Korea firmly united around the great leader Comrade Kim Chong-il.

Long live our party's self-reliant national economic construction line whose ever-victorious vitality has been proven in socialist construction!

Talk on Strengthening Main Force of Revolution

*SK1905061895 Pyongyang Korean Central
Broadcasting Network in Korean
2241 GMT 17 May 95*

[Unattributed talk: "Strengthening the Main Force of the Revolution Is a Primary Question Arising in the Revolution and Construction"]

[FBIS Translated Text] Our people are making efforts to more firmly arm themselves with the fatherly leader's [*suryong*] revolutionary ideology and to work and lead life in accordance with this ideology by upholding the slogans of the Central Committee of the Workers Party of Korea [WPK] published on the occasion of the 50th anniversary of the party's founding. The immortal *chuche* idea created by the fatherly leader is the guiding

ideology of our times, and clearly elucidated in this are the questions that make it possible to victoriously advance the revolution and construction.

The respected and beloved leader extensively explained the main force of the revolution and clearly elucidated the questions which arise in enhancing its role.

The great leader Comrade Kim Il-song taught: In pushing ahead with the revolution and construction, we have given priority to firmly build the main force of our revolution and to enhance its role.

The main force of the revolution is synonymous with the united body of the leader, the party, and the popular masses. We can say that the course of victorious advance of the revolution is a course of strengthening the main force of the revolution and enhancing its role.

Strengthening the main force of the revolution is the primary question arising in the revolution and construction because it becomes, above all, the inherent demand of the working class' revolutionary cause itself. The revolution is essentially the popular masses' work to achieve their own independence, and, accordingly, its main force is the popular masses themselves.

The revolution takes place because of the popular masses' demand for independence and is carried out by their creative roles. The popular masses' demand for independence decides the detailed objective and content of the revolutionary movement, and the popular masses' creative ability prescribes their role in the revolutionary movement. However, the height of the popular masses' demand for independence and their creative ability varies depending on how strongly they are made conscious and how strongly they are organized.

When the popular masses are further awakened revolutionarily and firmly rallied as a political force they can more smoothly play the role as the main force of the revolutionary movement. On the contrary, when the popular masses fail to be awakened revolutionarily and to be rallied as a political force the revolution cannot take place and its victorious advance cannot be expected.

Only when the popular masses are blessed with the leadership of the party and the leader can they form an ideologically and conscientiously united body, that is, the main force of the revolution. The revolution is to advance and to be victorious only by the united strength of the masses, that is, on the strength of their role as the main force of the revolution.

Strengthening the main force of the revolution is the primary question arising in the revolution and construction because it also makes it possible to successfully carry out all problems arising in socialist construc-

tion. Strengthening the main force of the revolution, first of all, makes it possible for the popular masses to strengthen the might of their unity by all means.

The struggle to consummate the socialist cause is a historic cause to liquidate all legacies of the old society and to completely achieve the popular masses' independence. It is also a complicated work which is carried out through an arduous and fierce struggle against the class enemies at home and abroad. To achieve victory in this struggle, it is imperative to strengthen cohesion and unity of the party and the masses.

Only when the popular masses are firmly united around the leader [suryong] organizationally and ideologically under the party's leadership can they display their inexhaustible strength and thus vigorously carry out the revolutionary cause.

Strengthening the main force of the revolution also makes it possible to vigorously accelerate the revolution and construction by exalting the popular masses' creative ability and by breaking through all difficulties. Advancing toward socialism is a totally new road. Therefore, this road may undergo unexpected difficult problems and vicissitudes temporarily. This problem, too, can be successfully solved only by strengthening the main force of the revolution, because strengthening the main force of the revolution makes it possible to solve all the problems arising in the course of accelerating the socialist cause in a most active and revolutionary way.

The mighty way in carrying out vast tasks to consummate the socialist cause and in surmounting all sorts of difficulties on this course is precisely the socialist way in accord with the inherent demands of this society. The socialist way is precisely a way of highly exalting the creative ability of the popular masses, who are the main force of the revolution. Only when the main force of the revolution is strengthened can the popular masses accept the intents of the party and the leader as the demands of their own life and highly display their revolutionary zeal, creativity, and initiative for the implementation of the intents of the party and the leader. In this way, the socialist cause can be vigorously accelerated on the strength of the active role of the main force of the revolution.

Strengthening the main force of the revolution is also of vital significance in safeguarding and defending socialism and in exalting its superiority. The superiority of socialism is synonymous with the superiority of collectivism over individualism. The might of collectivism is precisely the might of the popular masses firmly rallied around the party and the leader. When tens of thousands

of the masses pool their strength on the basis of collectivism they display an amazing strength and can solve any difficult problems.

Only by strengthening the main force of the revolution can the revolutionary cause be advanced victoriously and consummated to the end. This has been clearly proven by the practical experience of our revolution. Our party has given priority to strengthening the main force of the revolution and further grasped and deepened this work in conformity with the demands of the developing revolution. Precisely herein lie the greatness and correctness of our party's leadership. Our people will firmly establish a *chuche*-oriented revolutionary world view, that is, a view on the leader, by upholding the party Central Committee's slogans and by more deeply studying the respected and beloved leader Comrade Kim Il-song's revolutionary ideology. Thus, they will outstandingly establish the noble ideological and mental features as his revolutionary fighters and followers.

Article Praises Socialist Life as 'True Life'

SK1905110495 *Pyongyang KCNA in English*
1100 GMT 19 May 95

["Socialist Life, True Life Conforming to Essential Demand of Social Human Being" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — NODONG SINMUN today in a signed article says socialist life is a true life which conforms to the essential demand of social human being.

The author of the article notes:

The worthwhile and happy life which conforms to the essential demand of social human being can be guaranteed only under socialist society.

Socialist life is, first of all, an independent and creative life which the popular masses enjoy as masters of the state and society. The socialist society, unlike a corrupt and ailing capitalist society, is a society of the people where the popular masses are the masters of the state and society. In socialist society the demand and will of the popular masses are immediately the policies of the party and the state and they are carried out by the popular masses themselves. Therefore, in socialist society all the people are smoothly meeting their demand in all domains of social life including the political, economic and ideological and cultural life and all social wealth is directed to promoting the wellbeing of the people. Socialist life which the entire people live, devoting their creative wisdom and ardour with a high degree of conscience and pride as the equal masters of the state and society is an advantageous true life incomparable with capitalist life.

Socialist life is also a collective life in which the entire people share their fate and fortunes with each other helping and leading each other along.

Comradely cooperation and unity constitute the basis of social relations in socialist society. All the people as socialist working people find pride and happiness in devoting their creative wisdom and enthusiasm to the struggle for society and the collective, helping and leading each other along.

The Korean people are now leading a truly worthwhile and happy life which conforms to the essential demand of social human being in Korean-style socialist society most advantageous in the world.

Ours is man-centred socialism, socialism centred on the popular masses, which is based on the most correct *chuche*-based viewpoint and stand toward man.

Our people, through experience in actual life, deeply feel that our socialism is a genuine people's society which most successfully provides all the people with a worthwhile and happy life conforming to the essential demand of social human being.

It is their firm faith that they cannot live and have no future without Korean-style socialism centred on the people and it is their unshakable will to share their fate with socialism to the end.

Film Studio Produces New Documentaries in 1995

SK1905103695 *Pyongyang KCNA in English*
1025 GMT 19 May 95

[FBIS Transcribed Text] Pyongyang, May 19 (KCNA) — The Korean Documentary Film Studio produced many documentary films this year.

The film "They Were Always With Each Other for the People" emotionally shows that the respected leader President Kim Il-song immortal in the hearts of all people was always with the great leader Comrade Kim Chong-il in his lifetime and successfully resolved the question of the inheritance of leadership for the accomplishment of the *chuche* revolutionary cause.

The film, showing prosperous socialist Korea, indicates that President Kim Il-song and Comrade Kim Chong-il, always together, worked out the lines and policies of the party, made clear the orientation of grand socialist construction and ways of its implementation and solved all problems, so that centuries-old changes took place in this land.

The film "Good Luck of Our People" shows the tireless, energetic revolutionary activities and noble virtues of Comrade Kim Chong-il who is creditably

carrying forward the *chuche* revolutionary cause started by President Kim Il-song with extraordinary ideological and theoretical activities and outstanding leadership ability. It stresses that it is the best luck and glory of the Korean people to have held him in high esteem at the supreme head of the party, the state and the army.

The studio released a documentary "Soldier of the Leader, Disciple of the Leader" which shows the faith and will of the Korean people to make every moment of life shine as a soldier of the leader, a disciple of the leader and accomplish the *chuche* revolutionary cause to the end under the leadership of Comrade Kim Chong-il.

It also produced documentaries introducing the powerful independent national industry and the state farms which opened a new history of change under the wise leadership of President Kim Il-song and Comrade Kim Chong-il and the border army which has grown up to be an invincible revolutionary armed force defending the socialist motherland and the gains of revolution.

South Korea

Reportage on U.S.-North Talks in Kuala Lumpur

DPRK on 'Decisive Measures'

SK2005021595 Seoul CHOSON ILBO in Korean
20 May 95 p 2

[Report by Kim Sung-su from Kuala Lumpur]

[FBIS Translated Text] On the evening of 19 May, the North Korean delegation arrived in Kuala Lumpur to attend the U.S.-North Korean semi-high-level talks. The delegation stated upon its arrival that "these talks will be held in a serious atmosphere in which it is not clear if the North Korean-U.S. Geneva agreement will be implemented because of the breakdown of the experts' talks in Berlin on the light-water reactors," adding: "These talks will serve as an important occasion to determine if we will take decisive measures in the future." Therefore, the delegation hinted at the possibility that North Korea may take measures to reload the nuclear fuel.

No DPRK 'Political Offensives'

SK2005093895 Seoul KBS-1 Radio Network
in Korean 0900 GMT 20 May 95

[Report by correspondent Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] The United State and North Korea agreed to focus discussions at the Kuala Lumpur talks on settling the light-water reactor issue, not on political agenda items.

In particular, a diplomatic source well versed in the talks in Kuala Lumpur revealed that at today's talks, North Korea did not make any political offensive-type remarks such as threatening to reload its nuclear reactor or calling for the conclusion of a peace agreement as it has done in the past.

The source said both the United States and North Korea confirmed this common position in their respective keynote remarks at the beginning of talks, and the possibility of future U.S.-North Korea talks entering a normal track is very high, free from worries about North Korean political offensives.

The source added that the atmosphere of today's talks was more sincere than expected, and the talks were very businesslike. In particular, the source assessed that North Korea's not mentioning its previous assertions, including the threat of reloading its nuclear reactor, is particularly noteworthy.

Following the regular meetings this morning and this afternoon, the United States and North Korea will hold informal meetings until late in the evening to discuss these issues.

Results of First Round of Talks

SK2005125595 Seoul YONHAP in English
1246 GMT 20 May 95

[FBIS Transcribed Text] Kuala Lumpur, May 20 (YONHAP) — North Korea stressed Saturday [20 May] that the senior officials' talks with the United States here should be an important meeting to resolve the stalemate in the provision of two light-water nuclear reactors to North Korea under the Geneva nuclear accord, according to South Korean officials who are closely watching the Pyongyang-Washington talks.

Kim Kye-kwan, North Korea's chief delegate to the nuclear talks underway at the American Embassy here, failed to raise the issue of replacing the Korean armistice treaty with a peace pact, the officials said, giving the hope that the senior officials' talks may proceed smoothly, the officials said.

The officials, however, said that North Korea showed any change [as received] in its position on the reactor issue — namely, its opposition to the Korean-made reactors and South Korea's central role in the reactor project, although the two sides agreed to proceed with the talks in a sincere manner toward a solution to the reactor issue.

During the first day of the talks between Vice Foreign Minister Kim Kye-kwan of North Korea and Thomas Hubbard, deputy assistant secretary of state for East

Asia and the Pacific, Kim still insisted that the Korean standard nuclear plant actually does not exist and that the United States should play a central role in the provision of the reactors to North Korea, according to the officials.

The North side also repeated its position that it will have to resume operation of its graphite-moderated reactors if Pyongyang-Washington talks could not come up with measures to solve deadlock over the provision of two light-water reactors to North Korea, they said.

The officials, however, said that the North did not raise the issue of the armistice treaty and that the talks continued in a businesslike and compromising attitude.

Hubbard meanwhile tried to persuade the North Korean side to accept South Korea's central role in the reactor project, claiming that there can be no alternative to the Korean-made reactors for the North Korean reactor project, according to the officials.

Hubbard also presented some benefits the U.S. can provide to the North if the North accepts South Korea's central role in the reactor project, according to informed sources. Among them are early delivery of heavy oil to the North, early establishment of liaison offices between capitals of each country and further easing of economic sanctions against the North.

The two sides held two separate sessions in the morning and in the afternoon during the first day of the talks in the capital of Malaysia. While having dinner, the two sides also had unofficial talks to narrow differences over the reactor project.

The North Korean delegation to the senior officials' talks comprised seven military and nuclear experts and the American delegation consisted of nine members from the Defense and State Departments.

DPRK Said To Reject ROK Reactors

SK2105001495 Seoul KBS-1 Radio Network in Korean 2300 GMT 20 May 95

[Report by Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] Regarding the U.S. call for North Korea to accept ROK-model light-water reactors, the North Korean side has reportedly stated: It can understand the logic, but there is a reason for rejecting it.

A source related to the talks stated: During the first round of U.S.-North Korean talks held on 20 May, the U.S. side tried to persuade the North Korean side that accepting ROK-model light-water reactors and the central role of the ROK will be beneficial to North Korea. The North Korean side rejected the proposal in

a roundabout [wangokhi] manner, saying that there is a reason for not accepting it.

The source stated: Such a roundabout rejection by North Korea is milder than previous rejections. In particular, during the talks on 20 May, the North Korean side remarked on the conclusion of a peace agreement only in a formal [hyongsikchogim] way. This is noteworthy.

The source predicts that a wide range of topics were discussed at the talks to sound out each other's position, and that because North Korea is showing a will to continue holding talks, the prospect of the talks is not bleak.

The second round of U.S.-North Korean talks will be held at the North Korean Embassy on the morning of 22 May. The ROK, United States, and Japan have agreed to hold trilateral consultations prior to the second round of U.S.-North Korean talks.

DPRK Blames 'Domestic Situation'

SK2205104995 Seoul YONHAP in English 1034 GMT 22 May 95

[FBIS Transcribed Text] Kuala Lumpur, May 22 (YONHAP) — The United States and North Korea had second-round talks of their semi-high-level meeting here Monday but failed to register any progress due to North Korea's persistent rejection of South Korean-style light-water reactors.

A local diplomatic source here said that at the meeting held at the North Korean Embassy, U.S. delegates explained about the concept of "South Korean model" and "South Korea's central role" in the provision of light-water reactors to North Korea.

But, North Korea refused to accept South Korean-model reactors as ever, the source said.

"Unlike at the first-round meeting last Saturday, the North Koreans made it express today that they cannot show flexibility in the issue of a South Korean model due to their domestic situation," he said.

The source said the U.S. delegation offered the idea of making the site of the North Korean nuclear power plant to be built a "special light-water reactor district."

"The Americans also suggested that even though South Korea would play a central role, the United States would guarantee the faithful implementation of the light-water reactor project," he said.

Another source said that also at separate unofficial contact, the United States informed the North Koreans that if they in effect accept the South Korean model,

there would be a set of corresponding measures for North Korea.

The measures, he said, could include the technical handling of the name of the light-water reactors to be furnished, shipment of 100,000 tons of heavy oil, originally set for delivery in October this year, ahead of the schedule, and the opening of liaison offices at an early date.

However, North Korea demanded that the United States change the design of "what is called a South Korean model" and thereby attach the brand of "American model" to it, a third source said.

Moreover, he said, North Korea wanted the role of South Korea to be drastically curtailed in all the stages of the reactor project — design, manufacture and construction of the reactors.

North Korea threatened that since the reactors are to be provided to North Korea in return for the North's freezing of its nuclear programs, North Korea would be obliged to lift the freeze if the nuclear issue fails to be resolved, the source said.

The second-round meeting was attended by a nine-member U.S. delegation led by Thomas Hubbard, deputy assistant secretary of state for East Asia and Pacific affairs. The seven-man North Korean team was headed by Vice Foreign Minister Kim Kye-kwan.

Second Round of Talks Begins

SK2205072195 Seoul YONHAP in English
0711 GMT 22 May 95

[FBIS Transcribed Text] Kuala Lumpur, May 22 (YONHAP) — The United States will focus their efforts on explaining to North Korea what the Korean standard-model nuclear reactors are, during the second round of nuclear talks with the North which started here Monday morning, according to a South Korean official close to the Pyongyang-Washington nuclear talks.

"One of the reasons for North Koreans are refusing Korean standard-model light-water nuclear reactors is that they have no accurate knowledge of the Korean standard reactors design," said Chang Chae-yong, minister for political affairs at the South Korean Embassy in Washington, who is staying in the Malaysian capital to consult with American and Japanese officials while the nuclear talks are presently underway between officials of the United States and North Korea.

During the three-way talks between South Korea, the United States and Japan held just prior to meetings between officials from Pyongyang and Washington for second round of nuclear talks following the ones last

Saturday, the three agreed that the United States will persuade the North that it is inevitable that South Korea will play a central role in the light-water reactor project for the North, according to Chang.

On Saturday's talks, he said that delegations from both the United States and the North presented their positions on the light-water reactor project in a business-like manner.

He added that at the three-way talks the delegations agreed that the United States will offer any concessions, including the possibility of giving up labeling the South Korean standard-model nuclear reactors to be provided to the North as "South Korean", if the North expresses its willingness to accept Korean-made reactors.

Replying to questions on the prospect of the talks just before he entered the North Korean Embassy building here for the second round of [talks] with U.S. officials, North Korean Vice Foreign Minister Kim Kye-kwan just said, "Let's wait and see because the talks are underway."

Kim received a nine-member American delegation headed by Thomas Hubbard, deputy assistant secretary of State for East-Asia and the Pacific affairs, in front of the North Korean Embassy and posed with the American officials for a while in front of photographers before entering the embassy building where the talks were scheduled to take place.

A North Korean official said that the two sides will continue their talks while having lunch at a restaurant in Kuala Lumpur.

Asked why the North refuses to accept Korean-made reactors, another North Korean staffer said sarcastically, "What is the Korean standard nuclear plant? We've never heard of it."

DPRK 'Passive' on Peace Issue

SK2205044795 Seoul KBS-1 Radio Network
in Korean 0310 GMT 22 May 95

[FBIS Translated Text] The United States and North Korea held a second round of full-dress talks for the settlement of the light-water reactor issue at the North Korean Embassy in Kuala Lumpur this morning.

In today's talks, the North Korean delegation participating in the U.S.-North Korean talks in Kuala Lumpur, showed a passive attitude on the issue of signing a peace agreement, different from its previous attitude.

Prior to the second round of full-dress talks held at the North Korean mission this morning Korean standard time, Chong Song-il, a North Korean Foreign Ministry

instructor and a key working-level member of the North Korean delegation, avoided answering reporters' questions as to why North Korea is not raising the issue of signing a peace agreement in the present talks, different from its previous attitude.

Chong Song-il said that in the first round of talks the two sides had full and in-depth discussions on the overall Geneva agreement with the light-water reactor issue as a main agenda item, and asked the reporters to exercise their good sense in grasping the situation of the peace agreement, thus speaking ambiguously on this issue.

Chong Song-il repeated the previous assertion that they have never heard of an ROK-type light-water reactor. However, to the question as to which light-water reactor North Korea wants, Chong Song-il also spoke ambiguously and said: What we want.

As to the prospects for the talks, Chong Song-il said that the talks could continue this week. However, he refused to answer the question as to whether the talks would continue next week.

Responding to a question on whether the operation of the nuclear facilities in Yongbyon are suspended, he said that North Korea is doing the best it can, and asked the reporters not to ask questions on political matters.

Meanwhile, Choe Song-ho, a councillor from the North Korean Embassy, said that Kim Kye-kwan, the North Korean senior delegate, would not mind being interviewed by ROK reporters, adding that the North Korean side would inform them of the time and place later.

Today's talks began with Hubbard, the U.S. senior delegate, arriving at the North Korean Embassy on time and Kim Kye-kwan, the North Korean senior delegate, greeting him.

There will be two sessions of the full-dress talks today, one in the morning and one in the afternoon. The talks are expected to continue through informal meetings, such as a luncheon.

Consistent U.S. Position Urged

*SK2005055795 Seoul CHUNGANG ILBO in Korean
20 May 95 p 5*

[Editorial: "North Korea's Misguided Attachment Needs To Be Broken"]

[FBIS Translated Text] North Korea and the United States will begin the semi-high-level talks in Kuala Lumpur, Malaysia, on 20 May. These talks are slated to discuss the provision of light-water reactors to North Korea, but finding a breakthrough in settling the ruptured situation appears overwhelmingly difficult. This is because North Korea continues to stray from the

issue of light-water reactors in order to put a political spin on them by discussing the establishment of a peace system on the Korean peninsula. Its intentions are now evident.

North Korea's intentions became evident in the process of negotiations on the light-water reactors. North Korea has linked the issue of the light-water reactors to the political issue often enough for us to conclude that it is using this new nuclear card to achieve a political goal rather than the perceived goal of receiving the light-water reactors. Also, it has recently and unprecedentedly strengthened demands that a peace agreement be signed between North Korea and the United States, by saying that it is impossible to smoothly implement the North Korean-U.S. Geneva agreement at the present stage of hostile relations. While unilaterally attempting to nullify the armistice system on the Korean peninsula, it has stressed that a new peace arrangement is needed on the Korean peninsula.

While dragging on negotiations for light-water reactors, North Korea has gradually paralyzed the function of the Neutral Nations Supervisory Commission by carrying out a strategy of nullifying the Armistice Agreement. All of these facts stem from its intention to create an atmosphere for discussions on a peace agreement with the United States which bypass South Korea.

The attitude shown by North Korea thus far seems to indicate an interest in securing and expanding the dialogue channels with the United States under the pretext of the light-water reactors. The U.S. position is that even if the issue of the light-water issue is not resolved, the promise to improve relations and provide alternative energy to North Korea will take effect if North Korea does not breach the nuclear freeze agreement. Such being the case, North Korea finds it more to its advantage to use the light-water reactors for political purposes, as the light-water reactor issue will still be effective for another ten years. North Korea may feel that the ongoing North Korean-U.S. talks serves their purposes of holding political talks which include the peace agreement system.

With this understanding of North Korea's intentions, U.S. countermeasures for the North's political offensive become evident: The United States should maintain a consistent position of blocking North Korea's peace agreement onslaught which hopes to bypass South Korea, and demonstrate how close the consultation and cooperation relations with the ROK are, so that North Korea abandons its misdirected attachments.

Paper: U.S. Attitude 'Unstable'

SK2105053895 Seoul KYONGHYANG SINMUN
in Korean 21 May 95 p 3

[Editorial: "What Is the U.S. Principle in Its Diplomacy on the North Korean Nuclear Issue?"]

[FBIS Translated Text] People will pay attention to the dialogue between the U.S. and North Korean delegates during the semi-high-level talks that started on 20 May. However, we are much more interested in this: "What is the U.S. principle in its diplomacy on the North Korean nuclear issue?" Furthermore, we would like to ask if the United States really has a firm policy toward North Korea.

The reason for raising these basic issues again is due to the inconsistent remarks recently made by the U.S. State Department regarding policy toward North Korea. A spokesman of the U.S. State Department, which directs U.S. diplomatic policy, changed his remarks on North Korea only after a few hours. The next day, the U.S. State Department kicked off commotions by correcting the remarks made by U.S. Secretary of State Warren Christopher during hearings at the U.S. Congress.

If the contents of the remarks were insignificant, we could believe they were made mistakenly. Amazingly, the spokesman of the U.S. State Department has made such inconsistent remarks as that "it would not be inconceivable if the issues of the U.S. military contact with North Korea or the peace agreement are discussed during the talks in Kuala Lumpur." However, he then denied it. The U.S. secretary of State has made remarks that "the United States will suspend providing heavy oil to North Korea until the negotiations on light-water reactors are settled satisfactorily," but then changed, saying: "The supply of heavy oil is not linked to any issue."

North Korea has held talks with the United States with precise calculation, however, the U.S. attitude toward the talks is unstable. We are very concerned about this. We cannot understand at all why they, who are the leading figures in the diplomatic combat with North Korea, have made such inconsistent remarks during their tug-of-war diplomatic combat with North Korea on the light- water reactors.

It is already well known that while dealing with the U.S. side, North Korea has freely used all kinds of strategies and tactics, such as dead-end schemes or methods to overshadow the United States. Nevertheless, it is very troubling that the United States has frequently changed its remarks and has no firm principles while negotiating with North Korea. Some analysts feel that their remarks were intentional. In fact, it can be analyzed that the

United States, which has already revised its policy on North Korea, may use such a method to indirectly disclose its policy.

If the United States decides to revise its policy toward North Korea in any direction, it will become further entangled in North Korea's strategy. Also, we are concerned about the position of the U.S. State Department that "the provision of heavy oil to North Korea is not linked with any issue," because it is clearly linked to the construction of the light-water reactors. It is clear that the United States will continue making endless concessions to North Korea if its principles toward North Korea are not firm.

U.S. Clarifies Oil Shipments to North Issue

SK2005061795 Seoul YONHAP in English
0603 GMT 20 May 95

[FBIS Transcribed Text] Washington, May 19 (YONHAP) — The U.S. State Department Friday clarified that the United States does not link shipments of heavy oil to North Korea with the stalemate over the provision of light-water reactors, however, the North Korea has refused to discuss the matter until the reactor issue is solved.

At a press briefing, Nicholas Burns, a State Department spokesman, cleared up Thursday's remarks by Warren Christopher, U.S. Secretary of State, on the heavy oil issue. Christopher said that the heavy oil shipments would not resume until the reactor negotiations progressed, but the State Department retracted his statement Thursday, claiming the United States does not link the two issues.

Burns also reiterated the United States' stand on the principal issues of the agreed framework signed in Geneva between the United States and North Korea calling for the provision of South Korean standard light-water nuclear reactors, the central role of South Korea in the reactor project, and the resumption of a South-North Korean dialogue, in exchange for the freezing of the North Korean's nuclear program.

The pact also calls for the deliveries of heavy oil to be used by the North Koreans to generate heat and electricity for civilian use. In January this year, Burns explained, the United States delivered the first shipment of oil, 50,000 tons, to North Korea. The United States later discovered, Burns asserted, that "a small portion of the oil may have been diverted for industrial uses — specifically, to a steel and iron factory."

The United States has suspended further shipments until a "mechanism" is in place that will ensure the North does not divert the oil for uses other than what is stated in the Geneva accord.

Burns confirmed that the heavy oil, "bunker c," cannot be used for military purposes.

Talks were held in February and March to discuss the procedures needed to guarantee that oil diversion would not occur again, but a resolution has not yet been made.

"While the North Koreans have agreed in principle to these talks on a mechanism to stop the diversions, they have refused to schedule the discussions pending a resolution of the light-water reactors issue," Burns stated.

The light-water reactor talks began Saturday morning in Kuala Lumpur between lower-level officials of the United States and North Korea, Burns mentioned. The American delegation arrived in Malaysia on Friday morning and the North Korean team came later that day.

Burns also discussed the schedule for the bunker c oil shipments, explaining that the agreed framework calls for another shipment by October 21, 1995. However, the North Koreans have stated that they do not have storage space for the entire amount, and requested the delivery in stages.

"We have told the North Koreans that we are prepared to consider delivering at least some of the oil before October 21," the spokesman stated, "but only if we have established a satisfactory monitoring mechanism."

The first heavy oil shipment was paid for and supplied by the United States. Burns suggested that this was because the Korean Peninsula Energy Development Organization (KEDO) had not been formally established by that date.

Once the reactor and oil diversion issues are settled, Burns commented, then the second shipment's funding and source can be arranged.

"I think that the theory is that KEDO would be involved in this in the future," Burns remarked.

Meanwhile in his review of the North Korean policy at the briefing, Burns again confirmed that the North Koreans have not started to refuel their nuclear reactors.

With the freeze in place, liaison offices between Seoul and Pyongyang are underway, with only technical issues impeding their establishment.

"We think that process could take a couple of months," Burns commented.

Article on Confusion on Oil Supply-Reactor Link

SK2005054295 Seoul HANGYORE SINMUN
in Korean 20 May 95 p 3

[From the "Fluoroscope" column by Washington-based correspondent Chong Yon-chu: "Commotion of U.S. Secretary of States' 'Slip of the Tongue'"]

[FBIS Translated Text] While testifying at the U.S. Senate Appropriations Committee hearing on 18 May, U.S. Secretary of State Warren Christopher created a ripple with his remark hinting that the United States will suspend the supply of heavy oil to North Korea by linking it to the light-water reactor issue and opening liaison offices, which is the core of the DPRK-U.S. agreed framework. It was revealed, however, that Secretary Christopher's remark was a simple 'mistake' because he had misunderstood the situation.

The overall circumstances follow:

Mitch McConnell (Republican) of the Senate Appropriations Committee, asked: "Recently, at a U.S. Congressional briefing, high-ranking State Department officials said that the U.S. Government plans to open U.S.-DPRK liaison offices and carry out the additional supply of heavy oil to North Korea. Will this be implemented at a time when South-North relations have been aggravated?"

In this connection, Secretary Christopher answered: "The United States will progress with the issue of opening liaison offices with prudence. Therefore, in connection with the additional supply of heavy oil, the liaison offices will not be opened until North Korea guarantees that the heavy oil will not be diverted for other purposes. There will be no additional supply of heavy oil until the plan to supply light-water reactors is completed satisfactorily."

If we accept his answer at face value, it seems that the U.S. policy regarding the DPRK-U.S. agreed framework has shown enormous change. Thus, the opening of the liaison offices and the supply of light-water reactors and the additional supply of heavy oil are connected.

This was dispatched by foreign news agencies as important news and the U.S. State Department, which was preparing for the semi-high-level talks with North Korea in Kuala Lumpur, Malaysia, was in a state of confusion.

With the situation in confusion, the U.S. State Department hastily issued a statement to the media on the same afternoon and clearly revealed: "As long as North Korea continues to maintain its nuclear freeze, the United States will not change its current policy and the supply of heavy oil is not connected with other issues."

The general view on the reason that such 'confusion' took place is that the content of the DPRK-U.S. agreed framework is very complicated. In particular, THE WASHINGTON POST pointed out that Secretary Christopher's advisers are much to blame because they did not sufficiently brief him in advance.

Sharing Cost for Oil Supply to DPRK Rejected
SK2205063295 *Seoul MUNHWA ILBO in Korean*
22 May 95 p 2

[Report by Han Chong-ho]

[FBIS Translated Text] A government authority said on 22 May that the ROK will not share the cost of 100,000 tonnes of heavy oil that is supposed to be supplied to North Korea by 21 October.

This authority stated: "The U.S. Government has secured a budget of \$10 million for the disposal of North Korea's spent fuel rods, but is having difficulties in securing the budget for the supply of heavy oil because of restrictions by the Republican Party." He continued: "In particular, the U.S. Government does not dare to even mention the 500,000 tonnes of heavy oil to be supplied to North Korea beginning in 1996."

The government authority also stated: "The United States officially demands North Korea's promise not to divert the heavy oil for other purposes as a condition for the oil supply, but is internally suffering financial difficulties." He then added: "However, the ROK will not share the burden at all." This authority did not mention what the United States has demanded regarding this matter.

Regarding this, Nicholas Burns, spokesman for the U.S. Department of State, stated on 19 May: "It is North Korea, not the United States, that is responsible for the delay in supplying heavy oil to North Korea." He continued: "The United States is demanding a guarantee that North Korea will not divert the supplied heavy oil from use for heating and generating electric power."

U.S. Asks General-Level MAC Military Contact
SK2005092295 *Seoul YONHAP in English*
0921 GMT 20 May 95

[FBIS Transcribed Text] Seoul, May 20 (YONHAP) — Gary Luck, commander of the United States Forces in Korea (USFK), has recently sent a letter to Defense Minister Yi Yang-ho to inform that the United States will proceed with a general-level military talks with North Korea under the framework of the Military Armistice Commission (MAC), according to an informed source Saturday [20 May].

The United States needs to contact with North Korea at a general's level to maintain a military channel with North Korea at a time when the North continues to make efforts to nullify the Korean armistice treaty by expelling the Polish military delegation to the Neutral Nations Supervisory Commission (NNSC), according to the source who quoted the letter.

Minister Yi meanwhile responded by requesting that the United States delay as long as possible the timing of the general-level contact with the North under the framework of the MAC, according to the source.

Background on U.S. Proposal

SK2105042695 *Seoul CHOSON ILBO in Korean*
21 May 95 p 2

[Article by Yu Yong-won]

[FBIS Translated Text] Regardless of opposition from the ROK side, the United States is hastening to hold a U.S.-DPRK general-level contact, thus, interest is growing on the background of this matter.

It was learned that through an orderly officer contact of the Military Armistice Commission [MAC] on 19 May in Panmunjom, the United States proposed to the North Korean side: "Let us hold a general-level contact on the morning of 23 May in Panmunjom. On this day Major General Smith, assistant chief of staff of planning and management of the ROK-U.S. Combined Forces Command, will participate from our side. We request that Lieutenant General Yi Chan-pok participate from your side."

Gary Luck, commander in chief of the United States Forces in Korea, sent two letters to Defense Minister Yi Yang-ho in mid-May and 18 May and said: "It is urgent to open a dialogue channel with the North to discuss various issues because the North Korean side recently closed its Panmunjom Neutral Nations Supervisory Commission office at a time when the MAC has in reality become powerless and the North is showing signs of abnormal moves within the DMZ." He notified Minister Yi that the U.S. side will promote the U.S.-DPRK general-level contact. It was learned that Commander Luck's letter particularly emphasized that the contact will be held within the framework of the MAC and that it is to revive the MAC, which has become little more than a mere name.

The U.S. side is declaring that the contact will be held within the framework of the MAC, but our government officials are sensitive over this matter by saying: "It is difficult to understand the claim by the U.S. side from several aspects. Isn't the United States being dragged along in accordance with the North side's request?"

If the U.S.-DPRK contact that the United States is promoting is achieved, in reality it will be a meeting outside the MAC. It was learned that the United States notified our side that it will express the 23 May contact not as a 'MAC contact,' but as a 'special representative meeting.' This is because the U.S. side is conscious that the North does not recognize the MAC. There is speculation that the purpose of the unprecedented general-level contact that is being hastily promoted by the U.S. side is to establish another dialogue channel regarding the light-water reactor issue negotiations, which are in a stalemate. There are also rumors that the contact is also to discuss the issue of returning bodies of U.S. soldiers who died during the Korean war, which has been continuously discussed.

Whatever the case, the 'offensive and defensive battle' with North Korea surrounding the Armistice Agreement and the MAC has entered a new phase due to the U.S. moves to hold the general-level contact.

Government Opposes Contact Idea

SK2105023995 Seoul CHOSON ILBO in Korean
21 May 95 p 1

[Report by Yu Yong-won]

[FBIS Translated Text] It was learned that regardless of opposition from the ROK side, the U.S. Government proposed to the North Korean side on 19 May to hold a U.S.-DPRK general-level contact on the morning of 23 May in Panmunjom under the justification of discussing various pending issues, such as the abnormal trends of the North Korean military within the DMZ.

The U.S. side emphasized to the ROK side that this contact will be held within the framework of the Military Armistice Commission [MAC]. However, Major General Smith, assistant chief of staff of planning and management of the ROK-U.S. Combined Forces Command, who is to participate in the 23 May U.S.-DPRK contact, is currently not a MAC delegate.

The U.S. proposal was made to North Korea after Gary Luck, commander in chief of the U.S. Forces in Korea, sent two letters to Defense Minister Yi Yang-ho recently, saying: "We will promote U.S.-DPRK general-level contacts within the framework of the MAC."

A government source said on 20 May: "Regarding Commander Luck's letter, Minister Yi repeatedly confirmed our side's position that we oppose the U.S.-DPRK general-level contact as originally proposed by the North side. Minister Yi also requested that even if it is a U.S.-DPRK general-level contact within the MAC, it should be delayed as long as possible, but the U.S. side is hastening to hold the U.S.-DPRK contact."

In early March, North Korea had officially proposed to the U.S. side to hold a U.S.-DPRK general-level contact without the ROK and outside the framework of the MAC to discuss the issue of changing the Armistice Agreement to a peace agreement. Up until now, the United States had been officially denying the promotion of such a contact.

The U.S. side is saying that it will promote a U.S.-DPRK contact because a dialogue channel with the North is necessary to discuss various pending issues related to the Armistice Agreement at a time when the MAC has in reality become powerless. However, government officials view that there is a high possibility that such moves by the U.S. side will ultimately lead to accepting North Korea's request, thus they are closely observing this matter.

U.S. Proposal for Contact Viewed

SK2205030295 Seoul CHUNGANG ILBO in Korean
22 May 95 p 5

[Editorial: "Why Does the United States Do Something That Might Be Misunderstood?"]

[FBIS Translated Text] There is a proverb "Do not tie your shoes near a melon field," meaning one should not do something misleading. We would like to point out this proverb to the United States, which proposed a general-level meeting with North Korea.

The ROK Government and the UN Command explained that the talks will be attended by four representatives from the Military Armistice Commission [MAC], including U.S. and ROK generals. The official position of the UN Command is that the talks will be held within the MAC framework with an aim to recover the paralyzed MAC functions.

Relevant ROK Government officials explained that Gary Luck, commander in chief of the UN Command and U.S. Forces in Korea, asked the ROK Government about the necessity of military contacts with North Korea within the MAC framework concerning North Korea's attempt to incapacitate the Armistice Agreement and its activities inside the DMZ. The ROK Government reportedly wanted the contacts be postponed, judging that it is inappropriate in view of the timing and the current situation of North-South relations.

Under the circumstances in which North Korea is refusing dialogue with South Korea, contacts between North Korea and the United States are a sensitive issue to the ROK. The ROK people would thus examine whether the U.S.-North Korea contacts are in conformity with the ROK's position and national interests. Some people criticize that the United States would not hesitate to do

something disadvantageous to the ROK for its own national interests. Some even warn that the United States would eventually make concessions on the ROK-style light-water reactors.

The fact that the United States proposed a general-level meeting with North Korea in such a situation arouses even more suspicions. The South side may call it a MAC delegation, but North Korea will certainly insist that it was a U.S. military delegation and will actually use that phrase. An example is the case of the repatriation of the U.S. helicopter pilot who made an emergency landing in North Korea.

Such contacts give the impression that the United States is following North Korea's theory, and may deliver a wrong message at such a sensitive time when North Korea is strengthening its offensives for a peace agreement and when talks between North Korea and the United States are under way. Such contacts should take place after sufficient and serious discussions between the ROK and the United States.

DPRK To Reply at 'Later Date'

SK2205112595 Seoul YONHAP in English
1117 GMT 22 May 95

[FBIS Transcribed Text] Seoul, May 22 (YONHAP) — North Korea Monday informed the United Nations Command (UNC) in Seoul that they would give a reply at a later date to the recent UNC proposal for a general officer-level meeting between the UNC and the North Korean military.

A UNC official said the North made the notification through a UNC-North Korean military daily duty officers contact at Panmunjom Monday afternoon.

The North Korean duty officer said that the North was not prepared to make a reply yet and would inform the UNC once an answer is decided, according to the official.

At the duty officers meeting, the North Koreans did not show any sign of outright rejection of the UNC offer, the official added.

Possible Infiltration Tunnel Found in Kimpo

SK2105132595 Seoul KBS-1 Television Network
in Korean 1206 GMT 21 May 95

[FBIS Translated Text] An underground tunnel that looks like an infiltration tunnel [ttanggul] was found in Kimpo, Kyonggi Province. The military authorities and other concerned organs are currently investigating.

Cho Hang-yong found the underground tunnel, which measures 3 meters in height and 10 meters in width at

a depth of 12 meters below the ground, in a nonpaddy field in front of the house belonging to So Tong-kil in Sokchong 1-ri, (Taegwon) myon, Kimpo County, Kyonggi Province while digging for underground water.

The authorities are bringing in experts to closely investigate the tunnel since this area is adjacent to where an infiltration tunnel dug by North Korea was previously found.

Army: Cave Not Infiltration Tunnel

SK2205025595 Seoul YONHAP in English
0250 GMT 22 May 95

[FBIS Transcribed Text] Seoul, May 22 (YONHAP) — The underground hollow discovered and suspected of being an extension of a North Korean tunnel at Kimpo on the western outskirts of Seoul has been found to be a natural cave, the Army said Monday.

Kim Yang-sop, 44, a drilling engineer of Daeryuk Construction co., reported that while drilling for an underground water source in the area Wednesday last week, he felt the drill bit suddenly fall 4.5 meters, suspecting it was a tunnel dug by North Korea.

The Army's seismic investigation team prospected for the hollow Saturday and found it to be a natural cave, a spokesman said.

When drilling through a tunnel a steam jet usually occurs in the tunnel, but there was no such a steam jet from the underground hollow, he explained.

Moreover, a pool of water was found in the hollow 3.5 meters below the ground.

On the basis of these findings, the Army concluded that the underground hollow is a natural cave, not an extension of a tunnel dug by North Korea, he said.

Editorial Reacts to U.S.-Japan Trade Dispute

SK2205025095 Seoul MAEIL KYONGJE SINMUN
in Korean 21 May 95 p 3

[Editorial: "U.S.-Japanese Trade Dispute and Our Response"]

[FBIS Translated Text] The 50th anniversary of Japan's surrender to the allied forces, including the United States, in World War II is on 15 August. As seen by the Second World War, a world war begins as a result of a confrontation between big powers and entangles even their neighboring countries in a global war. Such a war breaks out for the purpose of attaining various goals; but, basically, it begins on the basis of one country's hegemonism designed to dominate other countries. Fortunately, even though localized wars have

broken out in various regions over the past 50 years, a war between big powers, such as a world war, has been avoided.

This notwithstanding, the continuing trade dispute between the United States — the world's largest economic power — and Japan — the world's second largest economic power — over the past few days has reached a serious phase in which it can easily develop into a trade war. A trade war can create circumstances in which one country takes a reprisal against its opponent country by imposing relevant tariffs on international trade transactions, thereby driving world trade, which has been growing smoothly, into a maelstrom overnight.

In the 20th century, with the Great Depression in 1930 as momentum, world countries ignited a trade war in earnest by increasing tariffs, thereby slowing down economic recovery. With regard to the ongoing trade dispute between the United States and Japan, the United States has asked Japan to remove the artificial trade barriers imposed by the Japanese Government and enterprises because it is extremely difficult for U.S. enterprises to make inroads into the Japanese market due to such artificial barriers.

To cite an example, even if a U.S. enterprise wishes to export car parts to Japan at a low price, it would be impossible for it to sell its products on the Japanese market because Japanese car makers hold sway over nationwide car service centers throughout Japan by using only Japanese-made car parts. Therefore, the United States is asking the Japanese Government and enterprises to remove such artificial barriers. In the meantime, Japan is not accepting such a request on grounds that it is a traditional practice that has been observed by Japanese enterprises. The U.S.-Japanese negotiations have come to an impasse. As a result, the United States is advocating reprisals against Japan and plans to impose 100 percent retaliatory tariffs on Japanese cars. To counter this, Japan, too, plans to file a complaint with the World Trade Organization [WTO] so that the world organization can pass relevant judgment on this issue.

By the way, the WTO, which has set sail recently, is urging the two countries to solve this question smoothly through negotiations.

While looking at such a trade dispute between the two big economic powers, we would like to emphasize the following several principles:

First, we maintain that free trade should be guaranteed and encouraged continuously in international transactions.

In particular, free trade is an essential process and should be accepted by all countries as the future course of the whole world will be one economic bloc and one market. In fact, Uruguay Round [UR]-based negotiations had been held for a long time for the sake of this, and, as a result, the WTO was inaugurated. Despite such a UR-based agreement, a new trade dispute has erupted. This means that the UR system is incomplete. Accordingly, the ongoing trade dispute should be solved from the standpoint of promoting trade.

It should be noted that international trade is not a zero-sum game in which the profit of a country is the loss of another. Free international trade can be a plus-sum game in which all countries concerned profit. A trade dispute harms all parties concerned, rather than benefits. In the ongoing U.S.-Japanese trade dispute, the Japanese economy and its automobile industry will suffer losses, so will U.S. consumers and automobile dealers.

Second, we maintain that a new practice and order for international transactions should be established so free international trade transactions can be guaranteed on a continual basis in the future. The ongoing U.S.-Japanese trade dispute will serve as an opportunity to create a new trade practice. Under the new WTO system, it is necessary to smoothly carry out the task to create a rational order and practice for international transactions in addition to the UR-based agreement. Such a practice should not be established by simply emphasizing big economic powers alone, but should be created by considering the peculiar circumstances of each of the developing countries.

Third, we ask that the ongoing trade dispute between the two countries be settled through mutual negotiations and compromise because a trade war of any kind will only bring about harmful consequences to all countries. Accordingly, we would like to stress that the best way to settle the U.S.-Japanese dispute is through smooth negotiations between the parties concerned. We strongly hope that the ongoing dispute will not escalate into a trade war, but end only in a small-scale fight.

In other words, the ongoing U.S.-Japanese trade dispute originates from the differences in the production and distribution systems of the two countries. That is, the U.S. system, in which the consumer is considered king, and the Japanese system, in which manufacturers hold sway, are colliding.

It is clear that with the ongoing U.S.-Japanese trade dispute as momentum, more outside pressure will be applied on our country to open markets. Therefore, our government and enterprises should work out relevant countermeasures, which are different from the past ones, by taking relevant precautions in advance.

First, as a countermeasure against pressure to open markets, it is necessary to take relevant precautions through improving and rationalizing our production and distribution structure, rather than delaying the market opening or rejecting a request to open markets. The rational market approach of advanced countries' enterprises will be able to seize an advantageous position by easily outsmarting our primitive way of dealing with markets. Therefore, with a view to avoiding a trade dispute and helping domestic enterprises secure markets, the establishment of a rational and scientific distribution and marketing structure is urgently needed.

If our enterprises assume the reins of the market while possessing complete information on consumers, it will be difficult for foreign enterprises to make inroads into our markets, even if our market is opened. Now, no one can turn back the tendency toward globalization. Therefore, our government and economic circles, too, should work out policies and strategies in favor of pursuing our open national interests in the era of globalization.

Second, government authorities should make active efforts so our economic situation can be reflected in the process of establishing a new trade practice and order; and they should work out regulations and take administrative measures so our enterprises can easily adapt themselves to a new trade practice. If a trade dispute is a preliminary skirmish prior to an economic war, our economic circles should cultivate strength to cope with this trend.

In the final analysis, we should cultivate such a strength for ourselves and now is the time that we should map out countermeasures with a new posture. When such an active effort is made, it will be possible for us to pursue our genuinely open national interests under the present circumstances.

Movement Launched Against U.S. Trade Pressure

SK2005013695 Seoul THE KOREA TIMES in English 20 May 95 p 3

[FBIS Transcribed Text] Thirty-five civic organizations across the nation yesterday launched a solidarity movement to cope with "unfair" U.S. pressures on trade disputes and to urge the government to reinforce regulations on sanitary inspections on imported foods.

The group decided to stage a boycott campaign of imported foods to repel Washington's demands for implementation of a "clearance first, inspection later" process and abolish the shelf life system.

The inauguration rally was held at the Myongdong Cathedral in downtown Seoul at 1 p.m. [0400 GMT],

attended by representatives from citizens, consumers, farmers and environmentalist organizations.

Participants include the Citizens' Coalition for Economic Justice, National YWCA, Save-Our-Farm Movement, National Poultry Association, National Pig Breeding Association, National Organic Farming Association, Society of Housewives Concerned About Homes and the Federation of Consumers' Associations.

In an inaugural manifesto, the Solidarity of Consumers and Farmers for Safety of Imported Foodstuffs said, "Humble folk can not sit idle any more. We have to worry about the safety of our dining room tables and our lives against the overflow of hazardous foreign products. We must put an end to a repetition of unfair trade pressure from Washington and our government's shameful concession to it."

"As in the United States, we first, have to apply a stricter system under which no goods are cleaned through customs until sanitary checks are completed. An overhaul of the distribution route will be helpful to ensure a safe level of imported foodstuffs. Only after imported products are found to be safe in general, shelf life can be extended, the statement reads.

The projected actions include neither purchasing nor eating foodstuffs imported from U.S., not to visit Kentucky Fried Chicken, MacDonald's, Wendy's or Pizza Hut franchises, making phone calls to the U.S. Embassy and the American Chamber of Commerce and Industry and sending postcards to the embassy and Chongwadae.

Seoul 'Almost Certain' About UNSC Seat Issue

SK2005015395 Seoul YONHAP in English 0135 GMT 20 May 95

[FBIS Transcribed Text] United Nations, May 19 (YONHAP) — South Korea is almost certain to become the new nonpermanent member of the United Nations Security Council (UNSC) Friday as Sri Lanka formally withdrew from the race for the seat.

Sri Lanka's withdrawal from the race will virtually pave the way for South Korea to get the UNSC nonpermanent member seat since there are no other prospective candidates competing against South Korea.

In a series of behind-the-scene negotiations, South Korea and Sri Lanka recently agreed to nominate one country for the post. But, in a meeting among a group of Asian countries held at the UN headquarters, Sri Lanka's ambassador to the United Nations issued a statement withdrawing his country's candidacy and supporting South Korea as the sole candidate for the Security Council membership.

During the meeting of 48 Asian countries, 25 countries made statements supporting South Korea's candidacy, while almost all other countries, except North Korea, also showed the attitude that they too supported South Korea.

North Korea belatedly voiced some dissent when it said "We may consider running for the UNSC membership."

However, the Asian countries at the meeting decided to have make South Korea the sole candidate, unless North Korea enters the race within one week.

Observers here say the possibility North Korea would seek the membership is slim, adding that should it enter the race with South Korea, it would concede mid-way through the competition as there are few Asian countries supporting North Korea's bid.

South Korea will formally become the nonpermanent member of the Security Council when it obtains approval for the action from two-thirds of the world's countries present at the forthcoming General Assembly of the United Nations this fall.

Observers predict that there will be no dispute in South Korea's bid for the UNSC nonpermanent seat saying what concerns South Korea at present is how many votes the country would obtain from the member countries.

South Korea's advance into the Security Council, if realized, will be a milestone for the country's diplomatic standing within the United Nations since it joined the world body only four years ago.

The UNSC, comprised of five permanent member countries and 10 nonpermanent nations, is the most influential organization within the United Nations, which oversees issues revolving around world peace and security.

Grachev on Reexamining Russia-DPRK Treaty

SK2005081295 Seoul YONHAP in English
0808 GMT 20 May 95

[FBIS Transcribed Text] Seoul, May 20 (YONHAP) — Russia will reexamine the mutual friendship and assistance treaty signed between former Soviet Union and North Korea, adding "the content of the treaty does not correspond to reality, especially the current relationship between Russia and South Korea," Senior Presidential Press Secretary Yun Yo-chun said Saturday [20 May] quoting Russian Defense Minister Pavel Grachev.

Grachev was also quoted as saying that "Russia is examining the issue from a variety of perspectives."

Yun was explaining the result of the courtesy call by Grachev on President Kim Yong-sam at the presidential office of Chongwadae.

On the question raised by Kim if Russia wants to change the promise made by Russian President Boris Yeltsin when a summit meeting with Kim that Russia will no longer extend the treaty between North Korea and the Soviet Union, Grachev was quoted as replying that Yeltsin will honor the promise to Kim.

Grachev 'Taking Stock' of ROK as 'Partner'

SK2005010695 Seoul THE KOREA TIMES in English
20 May 95 p 3

[FBIS Transcribed Text] Russian Defense Minister Pavel Grachev's May 19-21 visit in South Korea, accompanied by a large contingent of top military brass, is interpreted to aim at taking stock of South Korea as a new military and economic partner.

A senior Defense Ministry official said, "The Russian leadership's sentiment is that it has gained no particular advantages by opening ties with South Korea at a cost of distancing itself from its erstwhile staunch ally in the North."

"Grachev's primary mission is to see and evaluate whether or not the South is worth keeping and further developing bilateral relations with," he said.

Perhaps proving his evaluation, Grachev's entourage includes Russian Air Force chief of staff, its Pacific Fleet commander, the eastern region Army commander and other military heavyweights.

Grachev and its key entourage are scheduled to hold one-on-one or group meetings with their South Korean counterparts.

Moscow remains miffed toward Korea about being sidelined from Pyongyang's nuclear deal and having a 3 billion dollar loan Seoul promised during the last days of the defunct-Soviet Union annulled.

South Korea seems willing to fulfill the shopping list Russia puts on the table.

A ministry source said that South Korea will buy military hard wares from Russia and enhance bilateral military exchanges.

It is a matter of course that South Korea has attached conditions in return. South Korea wants Russia to use its influence, although dwindling fast in the aftermath of the collapse of the Soviet Union, to persuade North Korea to give up its nuclear ambitions and accept what is offered in return as soon as possible.

"The Defense Ministry has prepared for the Grachev meeting more in earnest than for the annual Korea-U.S. Security Consultative Meeting (SCM)," the source said, adding that it doesn't mean that South Korea thinks Korea-Russia defense ministers' meeting is more important than the one with the U.S.

But it is hard to deny that South Korea and Russia are becoming closer as the binational ministerial meeting has become almost regular. South Korea is making efforts to diversify the sources of its military procurement from other places than the U.S., seeing that its defense posture is too dependent on the last remaining superpower.

Seoul, Moscow Initial Military Cooperation Accord
SK2105025995 Seoul YONHAP in English
0253 GMT 21 May 95

[FBIS Transcribed Text] Seoul, May 21 (YONHAP) — South Korean Defense Minister Yi Yang-ho and his Russian counterpart Pavel Grachev initialed Sunday a memorandum specifying mutual cooperation in military industries.

The two top defense officials initialed the memorandum at Hotel Shilla in downtown Seoul with pertinent officials attending.

The memorandum contains exchanges of developmental technologies and information, joint research works and development, exchanges of related scientists, quality guaranty and technological support.

Grachev, the first Russian defense minister ever to Seoul, returned home winding up a three-day visit here.

Editorial on Military Cooperation

SK2105062495 Seoul TONG-A ILBO in Korean
21 May 95 p 3

[Editorial: "Closeness in ROK-Russia Military Cooperation"]

[FBIS Translated Text] While Russia's new policy on the Korean peninsula is taking concrete shape, military cooperation between the ROK and Russia is being promoted on a full-scale. Through Defense Minister Yi Yang-ho and Russian Defense Minister Pavel Grachev's defense ministers talks on 19 May in Seoul, the two countries showed that ROK-Russia military cooperation is becoming all the more close.

In the ROK-Russia defense ministers talks, Minister Grachev confirmed the understanding that the clause of so-called automatic intervention stipulated in Article 1 of the North Korea-Russia Friendship, Cooperation, and Mutual Assistance Treaty is 'outmoded and not suitable

to the reality.' Minister Grachev also revealed that this will be notified to North Korea sometime in August and that working-level examinations are being carried out regarding this matter.

The North Korea-Russia Friendship, Cooperation, and Mutual Assistance Treaty is a military treaty of alliance concluded between the former Soviet Union and North Korea in 1961. Russia took it over when the old Soviet Union collapsed. This treaty stipulates that if North Korea is attacked, Russia will automatically support North Korea. It is valid for a term of five years, and as long as each side does not raise objections one year before the treaty is due to expire, it will automatically be extended every five years. This treaty was renewed in 1991, so its term of validity is September 1996.

We do not know yet the details of what Russia will notify North Korea. It is clear, however, that the military alliance between Russia and North Korea concluded due to this treaty in 1961 will be either reduced and weakened or dissolved. When Russian President Boris Yeltsin visited the ROK in November 1992, he had revealed that the clause on automatic intervention of this treaty has already become a 'dead paper.'

However, Russia has been taking the position of reinterpreting the clause on automatic intervention in accordance with the reality and has been showing a reserved attitude on eliminating this clause. In other words, if North Korea invades the South, this clause will not take effect, and if the ROK invades the North, it will take effect. This has been used as a card to exercise influence on South and North Korea.

Now, Russia has revealed its intention of clearly rearranging its relations with North Korea and carrying out closer cooperative relations with the ROK. In particular, Minister Grachev revealed Russia's support on abiding by the Armistice Agreement of the Korean peninsula; change toward a peace system through South-North Korean direct dialogue; and the denuclearization declaration of the Korean peninsula. Russia also urged North Korea to unconditionally abide by the principles of the International Atomic Energy Agency. This showed one aspect of Russia's new policy on the Korean peninsula.

It is being anticipated that Russia's change in position regarding the North Korea-Russia Friendship, Cooperation, and Mutual Assistance Treaty and closeness in ROK-Russia military cooperation will contribute to North Korea's openness and reform and maintaining stability and peace on the Korean peninsula.

Firms Consider Overseas Semiconductor Factories

SK2005014795 Seoul YONHAP in English
0119 GMT 20 May 95

[FBIS Transcribed Text] Seoul, May 20 (YONHAP) — The three big semiconductor manufacturers of South Korea are considering plans to establish overseas factories in an attempt to hurdle trade barriers as tariffs.

The first choice for the chip factories is the United States, the largest export market for Samsung, Hyundai and LG. The Korean chip producers are preparing to establish factories there which will produce 4- and 16-mega D-RAMs [dynamic random access memory], industry sources here said Saturday.

When the factories in America begin operations, the three chip makers will likely seek to initiate operations in Europe and Southeast Asia as well, according to the sources.

The high price of land for factories at home and cost-saving strategies are also prompting the three businesses to consider setting up overseas factories, the sources opined.

Police Disperse Student Demonstration in Kwangju

SK2205001495 Seoul YONHAP in English
0008 GMT 22 May 95

[FBIS Transcribed Text] Kwangju, May 22 (YONHAP) — Over 400 college students demonstrated in front of the American Center here at around 6:30 AM [2130 GMT 21 May] Monday hurling stones and bottles containing paint.

The demonstrators, members of the Federation of University Student Councils in Kwangju and South Cholla Province, including Chonnam and Choson universities, demanded that the truth picture of the military suppression of the May 18, 1980, Kwangju uprising be revealed, and that persons responsible for it be punished. They also demanded that American soldiers who assaulted a Korean citizen in Seoul last week be punished.

Blocked by riot police, the demonstrating students voluntarily dispersed in about half an hour.

Three or four cars parked near the American Center were damaged when hit with stones thrown by demonstrators.

Some students have maintained that the United States tacitly consented to the military's suppression of the 1980 Kwangju struggle for democracy.

Ministry Reports \$90 Billion in State Property

SK2005013495 Seoul YONHAP in English
0024 GMT 20 May 95

[FBIS Transcribed Text] Seoul, May 20 (YONHAP) — The Finance and Economy Ministry Saturday reported that state-owned property totalled 69.09 trillion won (90 billion U.S. dollars) at the end of 1994, up 4.58 trillion won from 1993.

Land area owned by the state increased from 4.44 billion pyong (one pyong is 3.3 square meters) valued at 32.79 trillion won to 4.46 billion pyong valued at 33.34 trillion won.

Other property totals in 1994 included 17.67 trillion won in securities, 7.91 trillion won in buildings, 6.71 trillion won in other structures, 2.08 trillion won in trees and bamboo, 948.2 billion won in equipment and machinery, and 355.2 billion won in aircraft and ships.

Administrative property, such as assets owned by the government and government-invested enterprises, increased from 44.38 trillion won in 1993 to 46.39 trillion won in 1994, and miscellaneous property also rose from 19.38 trillion won to 21.97 trillion won for the same period.

But preserved property, such as cultural and historical assets and building reserved for use within five years, decreased from 729.1 billion won to 722.9 billion won from the previous year.

Government-owned cash, roads, rivers, harbors and lakes were not included in the state-owned property tally, according to the ministry.

Korea Telecom Retreats From Moves Toward Strike

SK2005010595 Seoul THE KOREA TIMES in English
20 May 95 p 3

[FBIS Transcribed Text] The trade union of Korea Telecom, which has been moving toward a strike, retreated from its earlier move yesterday by declaring a temporary end to all collective actions unilaterally, faced with the government's hardline policy against any illegal union activities.

In the assembly of about 500 branch representatives of the union, held at Chonnam National University, in Kwangju, the union shelved its decision on whether to stage labor dispute, thus defusing the crisis of a breakdown in the nation's communication network.

The union said that it suggests a "cooling-off" period to the government from Monday through Thursday noon to "avoid blind confrontation."

It went on to ask the government to delay legal action against its leading members, now facing arrest, during the truce period in an emergency statement issued following a police raid on Hyundai Motor workers early yesterday morning.

The union also claimed that the recent "crackdown" on labor movement is designed to intentionally foster a social atmosphere favorable to the incumbent government in the coming local elections by heightening caution about social security.

However, the union reiterated its threat to stage a strike after Thursday, unless the government and management of Korea Telecom show a sincere attitude to settle the labor conflict at the nation's phone service carrier.

Meanwhile, the Supreme Prosecutor's Office yesterday decided to arrest 15 leaders of the union, including its chairman Yu Tok-sang, for their allegedly illegal labor activities.

The union leaders are suspected of masterminding the seizure of the Information-Communications minister's office and physical harassment against senior officials of Korea Telecom.

The labor conflict began to smolder at Korea Telecom, when the new union leadership elected last year staged violent activities defying the policies of the Information-Communications Ministry to open the nation's telecommunications service market to the U.S. and allow Da-com Corp. to join the long-distance call market.

The unionized workers seized the minister's office in April and disrupted a meeting of the Korea Telecom's board of directors.

Minister Emphasizes Labor-Management Relations
SK2005013595 Seoul THE KOREA TIMES in English
20 May 95 p 16

[FBIS Transcribed Text] Industrial peace is the most important factor in sustaining growth in an economy like Korea's which is going through a period of adjustment after consecutive years of explosive expansion.

In a breakfast meeting with top executives of large business enterprises, Trade, Industry and Energy Minister Pak Chae-yun yesterday said now more than ever, labor and management must forge a productive relationship.

"We have reached the point where labor and management are beginning to realize that interdependence is a vital part of efforts to achieve continued success. The message is that one simply cannot exist without the other," he observed.

Yesterday's meeting between Minister Pak and business leaders attracted attention from all related circles since

it came as the government assumed a hardline position on tough labor-management disputes at Hyundai Motor Co. and the state-run Korea Telecom.

"What can be more important than a close productive working relationship between workers and management in an era of competition that knows no boundaries," he asked the business executives who have yet to reach agreements with their trade unions in this year's collective bargaining.

Taking the example of Hyundai Motor, he pointed out that the unlawful confrontation between labor and management could cause hundreds of billions of won in production losses.

Making the situation even worse is the wide-reaching impact of the Hyundai dispute in Ulsan, Kyongsangnam-to on vendor companies and the threat to the employment of their estimated 250,000 workers.

"Workers, especially those in large companies, must stop dwelling on hopes for higher wages. Rather, they should be in pursuit of improved welfare in close collaboration with management," he stressed.

Pak said management naturally needs to address issues concerning welfare but workers themselves must come to terms with the fact that wage increases cannot but be commensurate with productivity.

At the same time, unions should consider the strong need to reduce the gap in wages between large and small companies, an issue of increasing concern for the government, the minister told the meeting.

At present, 27.7 percent of companies with more than 100 employees have concluded labor-management negotiations, but only 14.2 percent of the subsidiaries of the nation's top 30 conglomerates have done so.

On the average, agreements, were signed for an increase in wages of 7.12 percent, higher than last year's 6.1 percent but within the government's guideline of between 5.6-8.6 percent.

The problem, industry observers said, is the untimeliness of the disputes at Hyundai and Korea Telecom since they eat away at the golden opportunity represented by the strong yen.

the automobile industry was well on its way to ranking among the world's top five when production at Hyundai came to a complete halt early this week.

O Kang-hyon, MOTIE's director general for industrial policy, said one of the severest problems with violent labor-management disputes is that they tarnish the image of Korean products in the international market.

"Korean companies are still at a stage where they are building their corporate and product image in foreign countries. Such industrial disputes can nullify years of promotional campaigning," he said.

Minister Pak is scheduled to hold another breakfast meeting with chief executive officers of state-run and invested companies to urge them to create exemplary models for industry.

Burma

Dialogue on National 'Tolerance' for Others

BK2205052195 Rangoon Radio Myanmar in Burmese
1145 GMT 21 May 95

["Dialogue" between Thardu and Aryu from the "Military Role Discussion Program"]

[FBIS Translated Text] [Thardu] Ko Aryu, in our Myanmar [Burmese] [culture], tolerance and the maxim — Shorten enmity and prolong amity — reflect the standard of Myanmar culture.

[Aryu] Not only that, they also reflect the character and gentle nature of the Myanmar.

[Thardu] That is right, Ko Argu. It would be not incorrect to say we are endowed with the Bhramaso Principle [principle of four cardinal virtues] — universal love, compassion, joy for success of others, and equanimity.

[Aryu] That is very correct. We, the Myanmar, uphold the Bhramaso Principle and are tolerant in every aspect.

[Thardu] That is right. We display tolerance to any country or race, even if the other side is wrong.

[Aryu] We have been tolerant many times.

[Thardu] Let it be. Then only the true cherished attitude of Myanmar [Burma] will be known.

[Aryu] Are you referring to the desire to prolong amity?

[Thardu] You can say that. I noticed a speech by the secretary-1 of the State Law and Order Restoration Council [SLORC] at a coordination meeting for the goodwill visit to Myanmar by the president of the Lao People's Democratic Republic.

[Aryu] Go on, Ko Thardu.

[Thardu] He referred to relentless efforts by successive governments since independence in further promoting existing friendly relations with neighboring countries.

[Aryu] Friendly relations with neighboring relations have been maintained during the term of the SLORC government.

[Thardu] That is correct. That is why we do not have any major problem with neighboring countries. Even when a problem arises, it is the basic attitude of Myanmar to lessen the magnitude of it if the problem is major and eliminate the problem if it is minor.

[Aryu] That attitude is in accord with the essence of the Five Principles of Peaceful Coexistence adopted at the Bandung Conference.

[Thardu] That is correct. I would like to point out a custom which is still practiced in rural Myanmar toward one's neighbors.

[Aryu] What kind of custom, Ko Thardu?

[Thardu] You may call it a rural custom or a higher form of democratic practice.

[Aryu] What is it? Higher form of democratic practice?

[Thardu] That is right. The custom is the cherished rural practice of announcing one is about to fry food [the smell of frying food is considered a health hazard by the Burmese].

[Aryu] Well, in rural areas the houses are close to each other and one can hear one's neighbor pounding mortar and pestle and smell the food being fried.

[Thardu] That is why they announce to the neighborhood when they are about to fry food.

[Aryu] That is right. Then only the children and the sick next door can't avoid the smell of food being fried.

[Thardu] If one know's one's responsibility, one will not affect the interests of the neighboring family. This is the obligation of a friend.

[Aryu] If the frying is not announced and the neighbor complains, apology is given in a cultured manner and the frying is stopped immediately to appease the one affected by frying.

[Thardu] Not only that, Ko Aryu, the head of the family or parents would admonish the one who is responsible.

[Aryu] Actually, one fries for one's own consumption and not for commercial purposes and one can easily claim one's right to fry freely.

[Thardu] You can say so. However, it is the higher form of democratic practice in the rural areas to respect and value the neighbor's freedom.

[Aryu] Our Myanmar people not only do not like to infringe upon the freedom of others, but do not wish others to get even slightly hurt. We have sympathy and do not impose ourselves on others' freedom.

[Thardu] We do not impose ourselves on others. We have the tradition of apologizing in a cultured manner if we accidentally hurt others.

[Aryu] The secretary-1's discussions reflect our cherished custom as a neighbor and inherent cultured nature and universal love of our Myanmar people toward their neighboring countries.

[Thardu] Very well. However, due to inconsiderate actions of our neighbor [apparent reference to Thailand],

many young women and youths are being harmed by the smell from food being fried. Not only that, many indigenous nationals in the border region are being harmed likewise.

[Aryu] I conclude by wondering whether our neighboring country on the other side understands the kind of higher form of democratic practice being practiced by our rural Myanmar. Let us again meet next week.

Brunei, Malaysia & Singapore

Malaysia

WTO Credibility in Solving Disputes Assessed

BK1905144995 Kuala Lumpur BERITA HARIAN in Malay 19 May 95 p 10

[Editorial: "The WTO's Dignity Is Being Tested"]

[FBIS Translated Text] The drawn out trade dispute between the United States and Japan reached its climax when Washington threatened the latter with trade sanctions. Malaysia considered the step chosen by America as not one that can solve the dispute. When asked to comment on the issue, Prime Minister Datuk Sri Dr. Mahathir Mohamed said in Tokyo yesterday that the best way to settle the dispute was through discussions with the World Trade Organization (WTO). Malaysia is against the imposition of any form of sanctions by any country on another in an effort to solve trade disputes.

In this dispute, the United States once again exposed its interest in taking unilateral action and expecting other countries to follow its step. Times have changed. The United States discovered that its action did not get the expected support. The last time that the country acted unilaterally was when it imposed economic sanctions against Iran. Its closest allies in Europe opted not to support such a decision.

Actually, the trade dispute between the United States and Japan developed as a result of its increasing trade deficit with Japan. The United States, which has loudly voiced the policy of free trade, is currently impeded by an annual U.S.\$66 billion trade deficit with Japan — two-thirds of which comes from the automotive and auto parts trade. Given the trade deficit, we are not at all surprised why the United States wanted to impose sanctions on the automotive import-export activities. Despite its threat to impose such sanctions, the United States referred the dispute to the WTO and it seems that Japan also agreed that the trade organization should act as a mediator in finding a solution to the dispute.

However, it will be interesting to observe if the trade organization, which was established on 1 January re-

placing the General Agreement on Tariffs and Trade (GATT), has the capability to solve its first major trade issue in an impartial and effective manner — especially when the issue involves the world's first and second foremost economic powers. In addition, Renato Ruggerio, the WTO president, suggested that the United States and Japan settle the dispute themselves without submitting the issue to the organization's legal body. The former Italian trade minister considered that the WTO would be happy to see a reconciliation instead of a dispute. As it is too early to make any analysis of the WTO, which was established as a world trade supervisory body, Ruggerio's statement clearly indicated the organization's resolute stand.

Ruggerio's statement also reflected the WTO's anxiety to solve an issue that could become heated and thereby pose a problem for the organization when seeking a desired solution. The United States, which is a dominant power, has frequently been observed to impose its influence on international bodies — such as the United Nations — to satisfy its desires. Will the WTO also become its instrument?

Moreover, it was widely acknowledged that Ruggerio was never the United States' first preference for the executive appointment in the WTO. Washington was widely known to be in favor of the former Mexican president Carlos Salinas de Gortari to hold such an appointment, but Salinas rejected it because of his alleged involvement in a criminal case. Given the background that surrounds his appointment, Ruggerio, who is seen as a puppet of the European Union, will surely face great pressure when seeking to establish the WTO as a credible and trustworthy organization. We believe that the U.S.-Japan trade dispute is a good opportunity for the international organization to gain international respect and confidence regarding its ability to settle the dispute effectively and impartially. Indisputably, Ruggerio's responsibility will be more demanding when he tries to satisfy the interest of the world's two major economic powers. However, his success in dealing with the issue will serve as a yardstick in future. Should the WTO be successful in projecting an unprejudiced attitude in settling the U.S.-Japan trade dispute, the world business community will definitely have greater trust and confidence in taking their issues to the world organization for legal settlement. On the other hand, should the world organization's credibility prove to be unfounded, then it will be difficult for the international community, particularly the developing nations, to place their trust in the organization. Should the WTO fail to be impartial in solving the dispute between the two major powers, then what would be the outcome if a dispute involved a major power and a

weaker country? It is evident that the weaker nation's interest would be totally neglected.

U.S. Veto of Resolution on Israel Criticized

*BK2005145595 Kuala Lumpur UTUSAN MALAYSIA
in Malay 20 May 95 p 6*

[Editorial: "Save the United Nations From the Jews"]

[FBIS Translated Text] The U.S. position is very clear now. The United States is willing to do anything to maintain the interests of the Jews, even in the face of worldwide opposition.

Most recently, as was expected, the United States exercised its veto power to kill a draft resolution endorsed by the other 14 members of the UN Security Council. The draft resolution wanted Israel to scrap its plan to seize Arab land in East Jerusalem.

The U.S. action has showed its blatant support for anything Israel does, even though the Israeli action contravenes international law and is condemned by the entire world.

Although the latest action will not destroy the slow and stalled West Asian peace process, the latest development will certainly further complicate efforts to ensure the success of the peace process.

Nevertheless, any threat to the West Asian peace process does not bother the United States and Israel because they are in fact insincere in their efforts to achieve peace in that region.

History shows that the Jews are tricky and have never honored their pledges. As they did not mind ridiculing their pledge to God, they do the same to their fellow mortals. We believe that Israel has greater tricks behind its efforts to make peace with its Arab neighbors, particularly Palestine. The seizure of the Palestinian land is just one of its greater tricks.

Israel will be ready for peace only if it benefits from it, and Israel will not hesitate to destroy peace if the peace no longer benefits it. Israel does not need peace yet with its Arab neighbors because of its economic strength and the diplomatic lobby.

As the United States assures Israel that it has the consistent support of the only superpower, Israel will continue to adjust the West Asian peace process to its own tempo. The U.S. veto of the draft UN Security Council resolution showed clearly that the special privilege had been misused to serve the interests of one particular party in disregard of the interests of the majority.

The veto rights reserved for the five permanent members of the UN Security Council have in fact run counter to the international shift to democracy after communism collapsed and the Cold War ended.

Before many more parties become the victims of these vetos, the weak structure of the United Nations inherited from World War II should be revamped to ensure that decisions made by this body reflect the wishes of the majority of the international community instead of the interests of one particular party.

As long as those reforms are not made, the United Nations will continue to be used for the interests of one party and be unable to do anything to end the conflicts developing since the end of the Cold War. Save the United Nations before the international community feels that its existence is no longer useful!

Western Media Criticized for False Reporting

*BK1905134695 Kuala Lumpur BERITA HARIAN
in Malay 19 May 95 p 2*

[FBIS Translated Excerpt] Kuala Lumpur, Thursday — Datuk Sri Anwar Ibrahim today said that his close ties with Tun Daim Zainuddin have never been strained even though they sometimes have differences of opinion. The deputy prime minister has therefore criticized the Western media in particular because they have carried reports to the effect that there is a rift between him and the former finance minister.

The deputy prime minister said he is compelled to respond to the Western media's reports about the alleged rift because he wants to reveal the real situation. "Today I want to deny the Western media's reports because my close ties with Daim remain unchanged. I do not deny that we have had occasional differences of opinion, because both of us are men of principle.

"However, such differences of opinion have never affected our close friendship," he said when he launched a book entitled: "Daim, The Man Behind the Enigma, here today. The biographical book was jointly authored by Adibah Amin and NEW STRAITS TIMES reporter Cheong Mei Sui and published by Pelanduk Publications. Among those present on the occasion were foreign embassy officials, corporate leaders, and academicians.

Mahathir Says Japan's LDP Supports EAEC

*BK2205055295 Kuala Lumpur BERITA HARIAN
in Malay 22 May 95 p 1*

[FBIS Translated Text] Subang, Sunday — Datuk Sri Dr. Mahathir Mohamed says Japan's Liberal Democratic Party (LDP) leaders, whom he met recently, have

voiced their support for the establishment of the East Asia Economic Caucus [EAEC].

However, several LDP members also believe that Australia and New Zealand should be allowed to join the EAEC.

"I explained to them that groupings such as the Asia-Pacific Economic Cooperation has refused to accept Pacific countries, namely Colombia, Ecuador, Chile, South Pacific countries, Vietnam, Laos, and Cambodia, as its members.

"The same is true with the European Union, which refuses to accept Turkey as its member.

"I told them that these groupings have a list of countries they can accept as members," the prime minister said.

Sri Lanka Attaches 'Priority' to Ties

BK1905152795 Colombo Sri Lanka Broadcasting Corporation International Service in English 1045 GMT 19 May 95

[FBIS Transcribed Text] Foreign Minister Lakshman Kadirgamar attended a meeting on the occasion of the signing of a memorandum of understanding between the Malaysia-Sri Lanka Business Council and the Sri Lanka-Malaysia Business Council. Speaking on the occasion, Foreign Minister Kadirgamar said that after years of neglect, the government has given high priority toward putting the relations with Malaysia on a sound footing. Toward this end, Sri Lanka has appointed Dr. Warnasena Rasaputram, a former governor of the Central Bank of Sri Lanka, as its high commissioner in Kuala Lumpur.

The signing of the investment protection agreement on Tuesday [16 May] was another step in the direction of establishing good economic relations. The minister revealed the establishment of a Sri Lanka-Malaysia Joint Economic Commission had been agreed to by the Malaysian authorities. Welcoming the Malaysian investors to Sri Lanka, the foreign minister reminded that they would find themselves in familiar surroundings, as both Malaysia and Sri Lanka shared many similar conditions — democratic institutions, well-established judicial systems, similar climatic conditions and vegetation, among a host of others. Sri Lanka, the minister said, was fast becoming the hub of the South Asian region and he recommended Malaysian businessmen to invest in Sri Lanka.

Singapore

Implications of PRC Nuclear Tests Viewed

BK1905104895 Singapore THE STRAITS TIMES in English 17 May 95 p 28

[Editorial: "Signals are important"]

[FBIS Transcribed Text] It is unfortunate that China should decide to carry out an underground nuclear test on Monday, just four days after it had joined 177 countries to extend the Nuclear Non-Proliferation Treaty indefinitely. At the same conference, it had agreed to exercise utmost restraint in nuclear testing before a Comprehensive Test Ban Treaty comes into force. The expected happened. The test would have drawn comment in any case, but it attracted even more criticism because its timing. Certainly, Beijing is at liberty to determine when to carry out the blasts, but this one showed a particular insensitivity towards what others might think of its actions. That may not have been its intention, but that was the perception it created. The United States, Japan, Russia, Germany, South Korea, Australia and Kazakhstan criticised the test, which was its 42nd and which went against a moratorium being observed by the other nuclear powers, the US, Russia, Britain and France.

To say this is not to argue that China is obliged to join those countries in the moratorium before a test ban treaty is concluded, hopefully next year. What is important is that it has said publicly that it will sign that treaty. Indeed, it could well be argued that precisely because it will give up testing in 1996, should the treaty be drawn up, it needs to step up the pace of test before it comes into force, in order to narrow the immense lead which the other nuclear powers have over it. This difference is illustrated by the fact that its on-going programme tests the reliability of a new generation of warheads which are an improvement over its current weapons. Similar improvements were made by the US and the Soviet Union in the 1970s and 1980s. China would not be wrong in arguing that it should no be denied the kind of tests which enabled the other nuclear powers to get where they are today. These facts must be acknowledged. But China too, should realise that in these matters, the rights of a situation are not the only issue. Actions create perceptions, and these are important too. In this context, Monday's blast could hardly be said to have advanced China's cause in the world at large.

Far more good was done for China's image the previous day, when Foreign Minister Qian Qichen reiterated his country's peaceful intent in response to fears expressed that an increasingly affluent China would pose a threat

to peace. "China will never threaten or invade other countries," he declared. "Instead it will always be a positive factor for world peace and development." This assurance was all the more relevant for its being timely. Chinese moves in the disputed Spratlys have brought to the surface latent anxieties that the country may become a threat because of the military build-up accompanying its remarkable economic growth. Drawing on both Confucius and Mao Zedong, Mr Qian tried to put minds at rest. China, he suggested, needed to cooperate with the rest of the world to build its economy. Peace was in its own interests.

This is the kind of reaffirmation which helps to create the right wavelength for China's international relations. That the country is Asia's pre-eminent power is indisputable. It is also on its way to becoming a superpower. Indeed, the point Mr Qian appeared to make, if ever so gently, is that its global influence is not incomparable to that of the US. But it is precisely because China is so powerful that it needs to exercise that much more care to ensure that its actions and words are not misunderstood by others, creating unnecessary perceptions of a looming China threat. Coming from a country like China, the smallest inflexions of meaning and shifts in nuance, in word and deed, become crucially significant. China can afford the flexibility of going the extra mile to assuage fears and reiterate its benign intentions. The nuclear test was not a sign of that flexibility. Mr Qian's comments covered far more ground in trust and goodwill.

Sri Lankan Minister Urges Investment

BK2005112295 Singapore Radio Corporation of Singapore in English 1000 GMT 20 May 95

[FBIS Transcribed Text] Sri Lanka is opening up its infrastructure to privatization on a scale never attempted before. It has set up a commission to oversee the privatization plan. Visiting Sri Lankan Foreign Minister Lakshman Kadirgamar disclosed this at a news conference this morning. He called on Singaporean businessmen to invest in transport, electricity, water, and sanitation in his country.

[Begin Kadirgamar recording, in progress] ...look to the future, and you have already made the biggest investment that we have in Sri Lanka. Enhance that investment and make use of the opportunities that we are offering now for privatization of the infrastructure, that is an area in which Singapore has a lot of expertise, and so Singaporean investors are very well placed to take advantage of developing possibilities for investment in Sri Lanka. [end recording]

Cambodia

Foreign Minister Ing Huot Leaves for Russia

BK2205130495 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 22 May 95

[FBIS Translated Text] His Excellency [H.E.] Ing Huot, minister of foreign affairs and international cooperation, left Phnom Penh at 0950 this morning for Moscow for an official six-day visit to the Russian Federation.

Among those seeing the minister off at Pochentong airport were H.E. Uch Kim-an, state secretary of the Foreign Ministry; and a number of other ministry officials. H.E. Nikolai Disakin, acting charge d'affaires of the Russian Embassy in the Kingdom of Cambodia, was also present.

Commentary on Need To Eliminate Khmer Rouge

BK2105110395 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 20 May 95

[Station commentary: "Unforgettable Crime"]

[FBIS Translated Text] The day to remember the souls of the victims of the Pol Pot-Ieng Sary-Khieu Samphan genocidal regime is 20 May. Undoubtedly, this is a day all Cambodians remember. Of the profoundest significance is the motivation behind this day of remembrance: to remind a number of people who have got history mixed up of the genocide that took place in Cambodia between 1975 and 1979 and of the fact that the ones who were the direct perpetrators of this genocide were the Khmer Rouge.

This day also coincides with a time when Khmer Rouge followers and sympathizers are coordinating efforts to spread propaganda from Phnum Malai to Phnom Penh and vice versa with one voice and one language to make the Cambodian people forget the suffering and brutality they were responsible for. Should all this be forgotten?

As the ones who have lived through the genocidal regime and the ones who have survived wrongful death during this barbarous regime, we would like to bow with respect and sorrow to the souls of the victims; we cannot forget them. Our people support the 17 May statement by the National Assembly's Commission for Human Rights and Petitions condemning the Khmer Rouge rebels for committing acts of violence, namely, attacks on villages, communes, and houses of the people in Battambang Province. We support it because this statement accuses the Khmer Rouge's genocidal Pol Pot, Ieng Sary, Khieu Samphan of again committing savage and brutal crimes by massacring innocent people with

machine guns and mortars when they attacked three districts in Battambang Province — Bavel, Ratanamondol, and Banan — which also affected 9,884 families of war refugees from Site B and Site Two. These innocent Cambodians continue to suffer with no refuge and no food; they have been painfully separated.

These are only a small number of many new crimes on top of the old, massive, and most profound crimes committed by the Khmer Rouge rebels against our innocent people. This is why during his visit to 7,843 families of war refugees at Phnum Sampeou, Battambang Province, on the morning of 17 May the prince krompreah first prime minister of the Royal Government of Cambodia said that if we only oppose the Khmer Rouge, it is not enough. From now on we should ensure that the Khmer Rouge cannot attack us again — especially that they cannot barbarously shell our compatriots — because soon it will be the rainy season and our people have to return to their villages to carry out production work.

This shows that whatever measures are used, it is necessary to eliminate these outlawed rebels from our society because recently the Khmer Rouge not only attacked the Khmer Royal Armed Forces (KRAF) but also fired hundreds of shells on innocent people, causing loss of lives and property, burning houses, and damaging property such as crops, and so on. It also caused most painful hardship to compatriots in remote areas whose only aspiration is to live peacefully to restore and improve their living conditions, the way they were during the Sangkum Reas Niyum era.

This is why recently, despite his illness, His Majesty the King expressed his feelings and concern about the hardship of his children. However, a group of Khmer Rouge in the northwest area have not only ignored the father but continue to nurture their ambitions through the use of violence and weapons on refugees and innocent Cambodian compatriots. Therefore, the duty of our KRAF is to ensure 100 percent security and safety. In other words, we will not only prevent these cruel devils from causing destruction to our people, but we also have to find their hideouts and completely eliminate them.

Everyone knows that the Khmer Rouge is an obstacle to developing our revered country, nation, and motherland.

Khmer Rouge Report Rangsi Political Plan

BK2105101795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 May 95

[FBIS Translated Text] Reports from Phnom Penh say that on 15 May in Phnom Penh Sam Rangsi, former

minister of economy and finance of the two-headed government, officially and openly announced a 10-point political program of the political alliance he recently mentioned.

The following is the essence of this 10-point political program:

1. To end the war that is still raging;
2. To ensure respect for human rights and respect of law in accordance with genuine liberal democracy;
3. To eliminate corruption;
4. To ensure that the government is neutral and properly carries out state functions, not serving the interest of any political party;
5. To highlight social justice;
6. To carry out administrative reforms in villages and communes in rural areas;
7. To resolve the issue of illegal immigrants in Cambodia;
8. To resolve the issue of territorial integrity and claim back territory illegally annexed by foreign countries;
9. To protect forest and other national resources;
10. To revise all agreements contrary to the nation's interest.

It will be recalled that on 26 April 1995 Sam Rangsi announced the establishment of a political alliance to rally all Cambodian nationalist forces, to unite parties of all political tendencies and all Cambodians to save the nation, defend the nation's interest, and to respond to the aspiration of the entire Cambodian people for genuine and definitive national reconciliation and national union.

Battambang Official Appeals for Aid

BK2105073195 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 20 May 95

[FBIS Translated Text] Serei Kosal, first deputy governor of Battambang Province, recently made an appeal to the Royal Government, the Cambodian Red Cross, and international organizations for urgent relief for the 38,321 war refugees and 164,468 poor people who are facing famine caused by war and natural disasters.

Serei Kosal stated in his appeal, lodged recently through Princess Norodom Mary Ranariddh, that these starving and poor people were the victims of the Khmer Rouge, who had often committed destructive acts against the people in his province by burning down their houses and killing and harassing them so as to prevent them

from working peacefully to earn their living. Numbers of them have faced unalleviated poverty and have been suffering even more seriously due to drought and floods in the past year.

Indonesia

U.S. Veto of UN Resolution on Israel Viewed

Alatas Expresses Regret

BK1905141795 Jakarta ANTARA in Indonesian
1207 GMT 19 May 95

[FBIS Translated Excerpt] Jakarta, 19 May (ANTARA) — Foreign Minister Ali Alatas has deeply regretted the U.S. veto against a draft UN Security Council resolution designed to foil Israel's annexation of Palestine land in East Jerusalem.

"It is in fact very disappointing that the United States vetoed the draft resolution," Foreign Minister Alatas told reporters at the Department of Foreign Affairs at Pejambon, Jakarta on Friday.

The draft resolution stated that the annexation of the 53 hectares of Palestine land in East Jerusalem was illegal and in violation of the relevant UN Security Council resolutions and the 1949 Geneva Convention.

According to Alatas, the annexation of the land clearly violated the previous agreements and deviated from the previous UN resolution on the Israeli occupation of East Jerusalem.

Therefore, he deeply regretted the U.S. veto against the draft resolution. [passage omitted on voting at the UN Security Council]

Editorial Criticizes U.S.

BK2205082795 Jakarta THE JAKARTA POST
in English 19 May 95 p 4

[Editorial: "USA versus the world"]

[FBIS Transcribed Text] By casting its veto against a United Nations text critical of Israel's colonial policy on Wednesday, the United States has again showed the international community that the world body is not a decent place to solve problems. At the same time, the move gives the impression that Washington is trying to make the Security Council some sort of U.S. national security body, in which American interests come first.

The veto climaxed a five-day debate on Israeli plans to expropriate land in areas of Jerusalem captured in the 1967 Middle East war. The text of the draft resolution asserted that the Israeli confiscation of 53 hectares (131 acres) of mainly Palestinian land in east Jerusalem at the

end of April was invalid and a violation of international law.

The fact that the text was sponsored by the council's six nonaligned countries — Botswana, Honduras, Indonesia, Nigeria, Oman, and Rwanda — and supported by its 14 other members, clearly shows that Washington, which has always claimed itself to be a beacon of democracy, does care that much about democratic values and mutual respect.

By killing the draft resolution, the U.S. has further alienated itself from the rest of the world in the effort to erase the footsteps of colonialism from the face of the globe.

The self-justifying excuse put forth by its Ambassador Madeleine Albright are not convincing enough to make the American step look logical. The veto only serves to reconfirm the United States' all-out support for the Israeli aggression and seizure of Arab land.

The U.S. action, the first such move since Bill Clinton assumed the presidency, and since the end of the Cold War, was ill-advised because it immediately angered the Palestine Liberation Organization and Arab and Islamic states for which Jerusalem is a highly emotional issue.

We are of the opinion that the veto will not only cause harm to the United States as cosponsor of the peace process. It is also sure to remind the world just how relevant the proposals of the members of the Non-Aligned Movement are. The movement has suggested the abolishment of the exclusivity of the Security Council's permanent members and the restructuring of the council so that it reflects equity among all UN members.

The fall of the communist empire and the end of the Cold War seem to be no guarantee that the Security Council will stop being an institution for the imposition of the ill-will of strong world powers on the weak.

This imbalance is clearly mirrored in the fact that 80 of the UN member states have never served on the Council. It is disgusting that this sad reality is bound to go on as long as no move to adjust the existing balance of power in the world body is made.

The situation gives the impression that some world nations continue to exhibit colonial arrogance by practicing raw injustice and blatant discrimination.

As long as special power is enjoyed by certain nations, no problems can be solved effectively in the UN forum.

Data show that since the creation of the United Nations 50 years ago, the U.S. has ranked number two in

the demonstration of veto trigger-happiness. The now-defunct Soviet Union holds the record with 114 vetoes, while the U.S. has recorded 70 to date.

Wednesday's U.S. veto goes to show that one country alone can frustrate and humiliate the rest of the members of the world body. Where has logic gone?

With the UN becoming 50 years of age this September, it is high time for western countries to allow the world to become a more decent place to discuss international problems. Revamping the UN's outdated charter, which does not reflect the respect of all nations and civilized justice, would be only one necessary step in that direction.

Students Protest Veto

*BK2205095695 Hong Kong AFP in English
0942 GMT 22 May 95*

[FBIS Transcribed Text] Jakarta, May 22 (AFP) — Thousands of angry Indonesian students staged a passionate protest outside the US embassy here Monday against Washington's use of its UN Security Council veto to block a pro-Palestinian motion.

The demonstration was significantly larger than the 100 young men who gathered in front of the embassy Friday, the day after Washington used its veto for the first time in years to block a motion condemning Israel for confiscating Arab land.

But while organisers estimated the crowd to be around 5000 strong, police estimates of between 2000 and 3000 people were regarded as being more realistic by journalists present.

"We are also calling on the US to stop servicing the Jewish lobby," said a protest organiser here, Teddy Mamesa.

The protestors, organised under the banner of the Anti-Israel Zionist Front, also called for Indonesian solidarity with the Palestinian cause and for Jakarta to use its seat on the Security Council to influence matters.

A US embassy spokeswoman said a delegation of three members from the protestors presented a "two-page list of concerns" to a junior embassy political officer.

While a delegation member, Agung, said they had asked their statement be passed onto Washington, the spokeswoman said only that the State Department is "always kept informed."

After an hour of angry chants, the youths dispersed quietly handing their posters to police as they left.

The protest was fueled by comments last week by Indonesian Foreign Minister Ali Alatas that Jakarta was "deeply disappointed" by Washington's action.

The protestors, from five Jakarta universities and one from nearby Bogor, called upon the United States to withdraw its veto against a resolution that would have called upon Israel to stop the expropriation of land.

The move came after Israel announced plans to seize 53 hectares (131 acres) of land in the areas of Jerusalem captured in the 1967 Middle East war.

Indonesia and other Non-Aligned Movement countries regarded the move as a clear violation of previous agreements and Security Council resolutions on Israeli settlements in the Occupied Territories.

The Antara news agency meanwhile reported Monday that another 400 students, marching under the banner of US Anti-interference Moslem Movement, also protested against the veto action in Yogyakarta, Central Java.

Ties to U.S., IMET Program Examined

*BK1905152395 Jakarta REPUBLIKA in Indonesian
18 May 95 p 6*

[Article by Elwin P.L. Tobing, member of the Forum for International Economics Studies, FIES]

[FBIS Translated Text] The United States offer on cooperation in military education and training (IMET — International Military Education and Training) and its sale of military weapons to Indonesia was a major topic for debate in March. This was an interesting issue because the offer contradicted the decision taken by the United States in 1993.

That year, the U.S. Congress ceased funding the IMET program in protest against the 12 November 1991 Dili incident in East Timor. In November 1993, the U.S. Senate Committee for Foreign Relations also endorsed the amendment to the law on foreign assistance, which links human rights issue to the sale of U.S.-made weapons to Indonesia.

What is the actual reason behind the change of heart by the United States? The U.S. Government's new proposal still needs to be endorsed by the Congress with regard to the country's foreign, economic and international political relations with other countries, particularly with countries in the Asia-Pacific region.

Consequences

Viewed from a global perspective, the United States change of attitude was a logical consequence considering its decision to divert its attention toward the Pacific

region after having concentrated its attention in the Atlantic region for almost four decades. The change of decision was linked to the major changes taking place internally or internationally. Moreover, the United States was also persistent in justifying its dominant leadership role in the economic and political arena.

First, the United States itself is experiencing an economic downswing. Within only four decades, the United States' production and services, which represented 50 percent of total world production during the post World War II era, declined to 20 percent during the 1980's. This was followed by its mounting trade deficit, which spiraled to \$165 billion in 1994.

On the other hand, the United States was also one of the major and important creditor nations during the early 80's. However, the country's total external debts up until 1994 was estimated at approximately \$1.4 trillion.

Second, fundamental reforms within the global system also created a strong economic diffusion and dependence, which in turn rendered unilateral action ineffective. This reform was also caused by the establishment of the European Community (EC) and it subsequently gave rise to Japan's qualitative strength and the emergence of the strong newly industrialized countries in the Asia-Pacific region.

Several successes have been achieved since Clinton took office. This was the result of foreign policies — particularly the policies that are linked to the Asia-Pacific region. Clinton was 'successful' in overcoming the country's trade war with China, the nuclear issue with North Korea, the country's commitment regarding Asia-Pacific economic cooperation, and its 'classic' trade war with Japan.

In May 1993, Clinton extended the Most Favored Nation status to China after threatening to revoke the status as a result of the country's alleged human rights abuse. Clinton was also successful in throttling the North Korea nuclear issue temporarily by offering a political 'bribe'. He was also successful in prying open Japan's 'lean' automotive market. His most progressive step was the decision to establish an important framework toward boosting the regional Asia-Pacific Economic Cooperation, APEC.

These facts proved the United States capability in reactivating its dominant power through two suitable strategies, namely, by increasing domestic efficiency and the structural order of foreign trade. The latter was implemented through the modification of new relations that have become more congenial to countries or developing trade regions.

Given this development and viewed from the global perspective, the offer for IMET cooperation and the sale of military weapons was the substance of the decision taken by United States regarding the Asia-Pacific, which aimed at the enhancement of more congenial relations, and it showed the country's unilateral attitude had become more bilateral and regional.

Indonesia's Position

However, Indonesia is important to the United States. Such a consideration is based on several factors, some of which are the following:

The first factor is based on Indonesia's geographical, demographic and cultural situation. Indonesia, with a sprawling area of 3,200 miles spread across the strategic Pacific and Indian Oceans and with a population of almost 200 million — one of the most populated Islamic countries in the world — has become an important country to others, including the United States.

Apart from this, Indonesia, a unique example of a heterogeneous country (with more than 330 ethnic groups and 13,000 islands), is capable of defending its integrity — in contrast to Yugoslavia, the former Soviet Union republic.

Second, Indonesia is playing a constructive role in promoting international peace and maintaining security through ASEAN and the Nonaligned Movement, including its participation in the UN-sponsored peacekeeping operations. The United States regards the creation of stable and secured regions as beneficial for its economic endeavors.

The third factor deals with the prospects for economic cooperation. U.S.-Indonesia economic activities have been encouraging. In 1993, the U.S. exports to Indonesia amounted to \$3.2 billion or an equivalent of 0.6 percent of the country's total export value. Based on that percentage, Indonesia ranks as the United States' 29th export-designated country, ranking 4th among the ASEAN member countries. Regarding the creation of employment, an assessment made by the U.S. Trade Department indicated that about 100,000 jobs were available in the United States as a result of the export value.

In the same year, imports by the United States (Indonesia's exports) amounted to approximately \$5.23 billion or an equivalent of 0.94 percent of the United States' total imports. This means that Indonesia ranks as the United States' 20th trading partner, and is 4th among other ASEAN countries.

Indonesian considers the United States as its second important trading partner after Japan. Indonesia's major

exports to the United States reached 19.8 percent in 1993. The United States is one of four major investors, with an investment contribution of 8.9 percent of the total foreign investments in Indonesia during the 1967-1994 period.

Based on these factors, there was an important need to improve the quality of U.S.-Indonesia bilateral relations because if the quality were to deteriorate, then, unquestionably, there would be a detrimental effect on their bilateral economic activities. For example, because of a setback in their bilateral relations in 1993, the U.S. imports from Indonesia declined compared with the previous year while investments lapsed to nearly half the amount invested in 1992.

Human Rights Issues

Apart from the copyrights issue, another issue that constantly sets back U.S.-Indonesia bilateral relations is the controversial human rights issues. Significantly, U.S. foreign policy emphasizes human rights and links such issues with economic activities. Indonesia is not the only country affected by such a policy. It does not wish for its economic relations to be linked with any human rights issues. It is acknowledged that human rights issues are only general in nature and every country has its own particular method of dealing with such issues.

The conflict based on human rights will definitely lead to conflict. In 1993, the United States threatened to withdraw certain privileges for import facilities on Indonesian exports under the General System of Preferences. This was strongly linked to the allegations by the United States that Indonesia had not made any serious and concerted improvements regarding labor conditions. It also withdrew its offer for the IMET program as well as halting its sale of military weapons to Indonesia. Its action was linked to human rights issues.

The United States' action made Indonesians become unsympathetic. For example, in April, a parliamentarian, Sabam Sirait seized the opportunity to issue an unpleasant statement concerning an investigation into labor conditions conducted in East Java by an American official.

Thus, it is important that the United States and Indonesia act appropriately in connection with the human rights issues. The United States needs to change its attitude by not making unilateral approximations but should deal with such matters in a diplomatic manner and within the framework of regional cooperation. It can also utilize the provisions laid down by the International Labor Organization (ILO) or even refer such matters to the United Nations Human Rights Commission.

On the other hand, a wise and unprejudiced appraisal is needed in connection with the actual developments

happening within the country. The human rights issues that constantly crop up are due to the impact of external developments. We cannot disavow the paradigm that says that sacrifices need to be made for the sake of development. The problem lies with the type of sacrifice and who should be the sacrificial lambs. Unquestionably, a small segment of society will have to bear the consequences of the obscure way the regional minimum wage scheme has been implemented.

Role Within Nonaligned Movement, UN Viewed

BK1905105395 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 18 May 95

[Station commentary]

[FBIS Translated Text] Regarding efforts to solve the conflict in the former Yugoslavia, President Suharto has instructed Nana Sutresna, chairman of the Nonaligned Movement's Standing Committee, to continue the initiative and consolidate the progress made in the talks with the several leaders involved. The presidential instruction is a follow-up to Indonesia's readiness to act as a facilitator in solving the conflict. The initiative made by Indonesia, in its capacity as chairman of the Non-aligned Movement, also drew support at a meeting to mark the 40th anniversary of the Asian-African Conference in Bandung in April.

Speaking at a banquet in Jakarta on Tuesday night, Vice President Try Sutrisno said Indonesia has always done its best to help end the UN economic sanctions against Iraq. He said the sanctions have not only affected trade and economic ties between Indonesia and Iraq, but have also caused severe hardships to the Iraqi people. The vice president said if Iraq acts as a responsible UN member and fulfils its obligations, the UN sanctions will end soon. Iraq also expressed its desire to forge closer relations with Indonesia within the Nonaligned Movement.

From the above examples, it is clear that Indonesia seriously desires to see the world as a peaceful and harmonious place to live in — a world in which people can work and build their future without being haunted by worries and anxieties. Differences of opinion and conflicts may arise anywhere in the world, but resorting to military means is not the best solution. Even at the negotiating table, each side is required to have a high humanitarian sense and adopt a give-and-take attitude. This is not easy because each leader has his own stand and style. However, as historian Professor Sartono once said, what a leader and his followers must remember is that a leader must not be a transient one who can solve certain problems only; he must be a leader who can lead a nation. People may accept or reject the above view,

but nobody can deny the people's desire for peace and harmony in this increasingly crowded world.

Economic Embargo on Iraq Criticized

*BK1905134995 Jakarta KOMPAS in Indonesian
19 May 95 p 4*

[Editorial: "The Iraqi Vice President's Visit Reminds Us of the UN Embargo"]

[FBIS Translated Text] We have a greater understanding of the impact of the economic embargo on the Iraqi people after listening directly to Vice President Taha Yasin Ramadan. In a meeting with President Suharto, the Iraqi vice president hoped that Indonesia would give appropriate support to efforts to lift the UN economic embargo for humanitarian reasons.

Apart from the embargo, the Iraqi vice president came here to expand economic relations and enhance the existing friendly relations with Indonesia.

The UN economic embargo on Iraq has become a humanitarian issue. The Iraqi people have suffered from the UN economic and arms sanctions and embargo for over four years. As a loser in the Gulf war, Iraq could do nothing but accept various sanctions.

The Gulf crisis and war have in fact been further left behind after a long elapse of time. Kuwait has been liberated, but the Iraqi people are instead suffering more from the prolonged economic sanctions.

We can imagine how difficult the position of the Iraqi Government and people is. Post-war reconstruction requires a huge amount of funds, while the UN economic sanctions have deprived Iraq of foreign exchange earnings. As a result, the Iraqi people are suffering more.

There have been frequent arguments that as the economic embargo was designed to punish Iraq for its military adventure into Kuwait, the embargo should be relaxed or lifted now that Kuwait has been liberated. Weren't the Iraqi people totally beaten by the coalition forces?

There is an impression that the embargo has been deliberately prolonged. The impact is very clear. The Iraqi people are suffering more. In fact, Iraq deserved sanctions in accordance with the rules governing international relations regarding the violation of the sovereignty of one nation by another.

Nevertheless, the sanctions must be measured because they can become counterproductive. The prolonged embargo will in fact nullify the victory of the coalition forces because it is no longer humane.

It is not impossible that the prolonged sanctions could lead to deep frustration, a sense of hopelessness, and a desire for revenge among the Iraqi people. It is feared that their complex psychological burden will trigger aggressiveness, which could be unleashed against another nation in the future. We learn from history how Germany, which was under pressure after the First World War, became subsequently very aggressive and triggered the Second World War.

We can also imagine a possible deterioration in Iraq's economic life as a result of the embargo. This situation could have a negative impact on the Middle East. If the Iraqi people suffer more, it will not be impossible that their suffering will become a new source of problems in the Middle East. Sociopolitical unrest in Iraq will certainly have an impact on the entire situation in the Middle East.

There have many examples about how unrest or difficulties facing a country have tended to spread beyond national boundaries. For example, the issues of Cambodia, Afghanistan, Bosnia-Herzegovina, Rwanda, and Burundi have triggered waves of refugees into neighboring countries.

Regarding Iraq, the United Nations should anticipate the worst possible scenario. We hope that the UN sanctions on Iraq will be relaxed or totally lifted for humanitarian reasons and to avoid serious complications.

Nevertheless, Indonesia, which upholds the principle of law, hopes that Iraq will comply with all UN resolutions. Iraq itself should take a valuable lesson from the Gulf crisis and war not engage in another military adventure.

The objectives of the UN embargo and the offensive of the coalition forces have been achieved to a certain extent. Kuwait has been liberated, and Iraq has been totally beaten militarily. Therefore, why does the United Nations continue to impose the embargo on Iraq?

There is an assumption that the UN embargo on Iraq has been primarily engineered by the United States as the only superpower to crush the Saddam Husayn government. In fact, history has showed that a government can collapse due to an economic crisis.

Nevertheless, the government of President Saddam Husayn remains steady. The United States, which is supported by Britain, seems to be killing time in the hope that the basis of support for Saddam Husayn will be immediately weakened by an economic crisis.

The United States and its allies are also trying to squeeze the Saddam Husayn government by creating a no-fly zone in the southern part of Iraq. In the latest development, the United States did not criticize Turkey

for conducting a military operation in pursuit of the Kurdish separatists deep inside the Iraqi territory.

It is quite difficult for the United States and its allies to take any action because that can be easily interpreted as interference in Iraq's internal affairs. If the embargo is mainly targeted at President Saddam Husayn, we believe that the economic embargo will be relaxed or lifted only after the Saddam Husayn government ends.

Many people have been impressed by the endurance of the Saddam Husayn government. The steadiness of President Saddam Husayn would have been more impressive if the Iraqi people had not suffered and life had been more democratic.

Attorney General Bans Pramudya Book

BK2105101895 Jakarta THE JAKARTA POST in English 13 May 95 p 1

[FBIS Transcribed Excerpt] Jakarta (JP): The government has banned Pramudya Ananta Tur's book *Nyanyi Sunyi Seorang Bisu* (Silent Song of a Mute), almost two months after it went on sale, citing that its content could create public unrest.

The 319-page book "contains misleading writings, which could create the wrong opinion about the government of Indonesia," Attorney General Singgih said in his decree dated April 19, 1995.

A copy of the decree was made available to the press yesterday.

"Allowing the circulation of the book will cause commotion or restlessness, which can disturb public order," he said.

Following the ban, all copies of the book throughout Indonesia, must be withdrawn from circulation. Those who have copies of the book must hand them in to the nearest prosecutor's office.

Prosecutors, police and other law enforcement officers, who have the authority to keep public order, must confiscate the books according to the decree.

The government has already banned most of Pramudya's works, which were considered to have political messages of communism.

Pramudya was held, from 1965 to 1969, in the Salemba detention center in Jakarta, for alleged communist activities. He later spent 10 years in hard labor at Buru Island, Maluku.

Nyanyi Sunyi Seorang Bisu, the first of two books, was published by Lentera of Jakarta in February this year in commemoration of his 70th birthday. [passage omitted on Pramudya's other books]

Artists Concerned About Government Censorship

BK2205054195 Jakarta THE JAKARTA POST in English 13 May 95 p 1

[FBIS Transcribed Text] Jakarta (JP) — A group of Indonesian artists and intellectuals expressed concern yesterday at the political control of artistic expression and other aspects of life.

They read out their statement during a press briefing at a canteen in the Taman Ismail Marzuki art center. The statement was issued as part of a gathering to mark the anniversary of the decision by the government of President Sukarno on May 8, 1964, to undertake a purge of writers and artists whose views did not conform with those in power at the time.

Writers and artists signed the Cultural Manifesto in August 1963, criticizing the restrictions against their works imposed by the Sukarno government, which was influenced by the Indonesian Communist Party. Following the decision, the signatories of the manifesto were harassed and their works banned. Many of them also lost their jobs.

Yesterday, two of the survivors of the manifesto aftermath — Arif Budiman and Gunawan Mohamed — along with Emha Ainun Najib and W.S. Rendra initiated the issuance of the "May Statement" to express their concern at the current political conditions.

"This is an appeal to everyone that we should learn from the event that occurred more than 30 years ago — something which we do not want repeated," the May Statement says.

By last night, the document had collected many more signatures than those of the five initiators. One of the signatures was that of noted literary critic H.B. Jassin, who also signed the 1963 manifesto. Signatories also included A.A. Navis, Ariel Heryanto, Arifin C. Noer, Garin Nugroho, Leila Ch. Budiman, Mahbub Junaedi, Nirwan Dewanto, Ratna Sarumpet, Satyagraha Hurip and Subagyo Sastrowardoyo.

The intellectuals and artists said they rejected the principle of "politics as the commandant" that was applied in the 1960s to justify sweeping aside anyone who did not conform with the views of those in power.

"History shows that this principle obstructs and eliminates the artistic and intellectual sources that should develop in a nation. In the Soviet Union, when the Communist Party was in power, artists, intellectuals and journalists were silenced, or forced to abide by principles that went against the conscience."

The 1964 decision to outlaw the manifesto signified the nation's loss of tolerance towards differences of views, the statement says.

"We have come a long way since then," Gunawan Mohamed, a prolific writer and founding editor of the outlawed TEMPO magazine, said at the press conference. "But we still have the same attitude of intolerance."

The statement also said: "Court decisions too often became subservient to the interests of those in power; economic policies still serve the interests of those in the bureaucracy; cultural life is scrutinized; literary works of some of Indonesia's leading authors are banned; and worse still is the condition of the Indonesian press."

A discussion to mark the 31st anniversary of the banning of the Cultural Manifesto was held later in the evening at the H.B. Jassin Documentation Building at Taman [Park] Ismail Marzuki.

Emha said the event, organized by the Gorong-gorong Budaya group, was born out of concern over accent developments which he said "have gone too far".

He cited the government's plan to prosecute soothsayer Permadi Satrio Wiwoho and legislator Sr Bintang Pamungkas as two examples.

"They are dangerous precedents," he added.

Susilo Sudarman Comments on Border Disputes
BK2205053195 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 22 May 95

[FBIS Translated Text] The Indonesian Government has always wanted to solve its border disputes with Malaysia and the PRC, and as a fellow ASEAN member, Indonesia wants to solve its border dispute with Malaysia in a positive way. Speaking in Surabaya, Susilo Sudarman, coordinating minister for politics and security, said it takes time to solve border disputes with other countries and high-level talks are always needed.

Both Indonesia and Malaysia are claimants to Sipadan and Ligitan Islands while Natuna Island, which clearly belongs to Indonesia, is now claimed by the PRC. The minister said it is not easy to solve these border disputes, but high-level talks have already been conducted. When the time comes, the outcome of the talks will be made public.

Philippines

Ties With SRV Urged for Spratlys Solution

BK2205050795 Quezon City Radio Filipinas
in English 0230 GMT 22 May 95

[FBIS Transcribed Text] Former Philippine ambassador to China Alfonso Yuchengco is now in Beijing to explore possible ways of resolving the disputed islands in the South China Sea. Yuchengco's visit was known to explore positive roles for addressing conflicts related to the South China Sea. He reported to President Ramos that he has already met with (Yang Yu Sung), foreign affairs assistant minister for Asian Affairs and former Chinese ambassador to Manila.

Philippine Senator Ernesto Herrera has urged the Ramos Administration to vigorously promote stronger ties between the Philippines and Vietnam, saying this will foster mutual cooperation to thwart the Chinese aggression in the disputed Spratly Islands. Senator Herrera said closer trade and direct investment relations will also benefit the two countries in ways more natural. But also the Philippines' favorable trade balance with Vietnam Guarantees that the Philippines will double their profit from proceeds from close bilateral merchandise [word indistinct]. Total trade between the two countries amounted to \$75 million in 1994, the Philippines exported \$62.5 million worth of goods to Vietnam. On the other hand, the country imports \$12.5 million dollars worth of goods from the socialist republic.

Mindanao Peace Summit Opens in Zamboanga

BK2105092095 Hong Kong AFP in English
0840 GMT 21 May 95

[FBIS Transcribed Text] Zamboanga, Philippines, May 21 (AFP) — President Fidel Ramos on Sunday denounced "international terrorism" for trying to sabotage peace talks between Christian and Moslem communities in this southern island of Mindanao, warning of a new Bosnia-Herzegovina.

Speaking at a peace summit in Zamboanga, Ramos called on community leaders at the meeting to prevent the recurrence of inter-religious violence, such as the Ipil massacre in the southern Philippines last April, in which 53 people were killed and 62 others were wounded.

Without identifying them, the Philippine president condemned some of his compatriots who had "associated themselves with international terrorism" with the desire to "drive a wedge" between the different communities and with the intention of "fragmenting our country."

He called on the participants to put a stop to that process and recalled the existence of such "killing fields" as Rwanda, Chechnya and Bosnia-Herzegovina.

Ramos was referring, according to observers, to the Abu Sayyaf (Bearer of the Sword) movement, which is associated with the latest violence in the south.

Abu Sayyaf leader Abdulrajak Janjalani, now in hiding, is being hunted for a reward of 1.5 million pesos (58,000 dollars) and is generally believed to have taken refuge in Sulu island, south of here.

Representatives of the rebel groups MNLF (Moro National Liberation Front) and the MILF (Moro Islamic Liberation Front) are participating in the summit, which opened Sunday in the presence of Roman Catholic Archbishop Carmelo Morelos and Muslim grand mufti Uztadz Abdulgani Yusop.

High military sources in Zamboanga revealed Sunday that Moslem rebel forces in Mindanao are believed to number 40,000. The same sources pointed out that the Armed Forces of the Philippines based in Mindanao also total about the same number, stressing that those figures represent "very unfavourable" proportions for a guerrilla warfare.

The same sources explained that the rebels are armed with weapons mostly equivalent in nature to those of the armed forces, including rocket launchers and Stinger missiles, except for anti-aircraft guns.

About 40,000 people have been killed in the last 25 years in religious feuds between Muslim and Christian communities in Mindanao, the Philippines' second largest island.

Ramos arrived Saturday night in Zamboanga under heavy army escort and spent the night at the southern command headquarters, which has been placed under red alert for the occasion.

Several workshops between Mindanao political and religious leaders have taken place Sunday afternoon to recommend solutions for the implementation of peace on the island.

Ramos stressed the importance of achieving peace in Mindanao to allow for the economic development of the island and its trade relations with the rest of the Philippines and neighbouring countries such as Australia, Brunei, Indonesia and Malaysia.

The peace summit started Saturday with a private meeting between Ramos and military and religious leaders as well as top local officials. It will end later Sunday.

Ramos Urges Peace for Region

BK2205045995 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 21 May 95

[FBIS Translated Text] President Ramos has warned that terrorists acts by extremists groups like Abu Sayyaf will incite war between the Muslims and Christians in Mindanao, which could lead to a war similar to what is going on in Bosnia-Herzegovina. The warning was made by President Ramos during the opening of the Mindanao Multisectoral Peace Summit held in Zamboanga City. Here is the report:

[Begin unidentified correspondent recording] In his speech at the peace summit, President Ramos told the leaders of Mindanao that only peace can serve as a pillar of progress for the region.

[Ramos] The [words indistinct] priority of the Ramos administration, the very first step that I took as president was to offer the opportunity to share a just and tolerable peace for all our people and troops, the communist insurgents, the military rebels, and [word indistinct] groups in the southern Philippines.

[Unidentified correspondent] Paul Dominguez, presidential adviser to Mindanao, revealed the 15-year development plan for the region based on aqua-culture and agriculture. Those who attended the summit were local leaders from Mindanao, where they launched a three-point action plan.

[Unidentified participant, in English] The first level [word indistinct], both from the government and the nongovernment sector. The second was addressing for the peace process — that the government will support it, that the NGO [nongovernment organization] groups will support it — basically, in the peace process there is a lot of information about what is happening in this province, so there will be more information and more transparency about what is happening in the peace process. The third one is, of course, socio-economic development. Socio-economic development in the sense of what is happening in Mindanao, how can we fast-track what needs to be done here for the island to benefit from the links we have opened with BIMP-EAGA [Brunei, Indonesia, Malaysia, Philippines-East ASEAN Growth Area]. Basically, that is it.

[Unidentified correspondent] The military authorities admitted that the terrorist activities of the rebels remain a threat to the progress of Mindanao.

[Unidentified military officer, in English] It is verifiable that these groups can pose security problems, and because of these reasons the government considers continued talks with the MNLF [Moro National Liberation Front].

[Unidentified correspondent] However, not one of the rebel factions attended the summit held in Mindanao. [end recording]

Meanwhile, President Ramos formed a new committee to fight terrorism. By signing Executive Order 246, the president formed the National Action Committee of Antihijacking and Antiterrorism to replace the National Committee on Antihijacking. In the president's directive, the new committee will oversee the monitoring of the acts and movements of suspected terrorists in the country. The new directive also orders the personnel of the antiterrorist group to work jointly with a government agency overseas to fight the threat and violence of terrorists.

Abu Sayyaf Numbers Reported Growing

BK2205032995 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 21 May 95

[FBIS Translated Text] Intelligence reports have revealed that the military has failed to counter the terrorism of Abu Sayyaf in Mindanao. According to the reports, despite wide military offensives against the Abu Sayyaf by the AFP [Armed Forces of the Philippines], the membership for the extremist group continues to increase. According to the reports, from only 100 members, the Abu Sayyaf has now over 500 members. It was also learned that the MNLF [Moro National Liberation Front] of Nur Misuari now has about 18,000 members, while the MILF [Moro Islamic Liberation Front] of Hashim Salamat has almost 6,000 members.

Communists Postpone Talks With Government

BK2205041595 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 21 May 95

[FBIS Translated Text] Communist officials revealed that they will postpone the scheduled peace talks between the NDF [National Democratic Front]-CCP [Communist Party of the Philippines]-NPA [New People's Army] and the government following the arrest of NPA leader Sotero Llamas. According to Jose Maria Sison, Communist Party of the Philippines founding chairman, and NDF negotiating panel Chairman Luis Jalandoni, the Ramos government should release Llamas because he is a member of the NDF negotiating panel. Llamas, who is the overall NPA commander in Bicol, was wounded and arrested in an encounter with government forces. The peace talks which was to be held in Brussels, Belgium in 1 June has been rescheduled for 26 June.

Party Chief Comments

BK2205095295 *Quezon City DZBB Radyo Bisig Bayan in Tagalog* 0800 GMT 22 May 95

[Italicized passages in English]

[FBIS Translated Text] Self-exiled communist leader Jose Maria Sison strongly denied that the National Democratic Front [NDF] is just posturing with the government panel.

Sison made the statement to DZBB in reaction to accusations that the NDF has no real intention of pushing through with the peace talks. According to Sison, it should be understood that the reason the pace of the talks is slow is because the government and the NDF have been fighting for a long time.

[Begin Sison recording] Regarding what you have said, that the two sides might only be posturing, you know, for a long time the two sides have been fighting. In which case, we cannot expect that for a short period both sides will come to an agreement as to the *terms of talking*, what are the *terms of agreement*. It should be *understandable* if the two sides are cautious. Both sides are making their own stand based on their policies. [end recording]

Sison reiterated that Sotero Llamas, the arrested New People's Army leader, is included in the safety and immunity guarantee. Llamas' capture was the main reason the peace talks have been suspended.

[Begin Sison recording] No. In the *joint agreement of safety and immunity guarantees* it is clear that the members of the *negotiating panel, reciprocal working committees, consultants, staffers* are covered in the *safety and immunity guarantees*. [end recording]

Thailand

ASEAN Urged To Pressure Burma on Reforms

BK2205053995 *Bangkok THE NATION in English* 22 May 95 p a4

[Editorial: "Raising The Heat on SLORC"]

[FBIS Transcribed Text] In the aftermath of last year's ASEAN summit in Bangkok it seemed that maybe the advocates of constructive engagement had it right. Years of isolation and vitriolic condemnation had done nothing to change the situation in Burma. The junta that hijacked government after losing the 1990 election was as solidly entrenched in power as ever; the people of Burma continued to suffer, Aung San Suu Kyi wallowed in prison and it looked like the only thing sanctions had done was to push Burma further into China's sphere of influence.

With the U.S. dissenting, much of the rest of the international community agreed to put away the stick for a while and try the carrot of engagement and dialogue.

Burmese Foreign Minister Ohn Gyaw's comment that "there was no human rights problem in Burma" probably should have tipped everybody off that SLORC [State Law and Order Restoration Council] and the rest of the world operate at different levels. But amid the orgy of back slapping and self-congratulation that engulfed the ASEAN summit the foreign minister's outrageous falsehood could be overlooked. Burma wasn't going to be turned around overnight and the pesky albatross of human rights was off ASEAN's back. For a while the Burmese generals played their part, tossing out scraps of careful PR [public relations] to suggest they had seen the light — a meeting with Suu Kyi, more peace talks with rebels — but before long they tired of the facade. They had what they wanted. Singapore, Thai and Malaysian businessmen rushed in with hundreds of millions of dollars. With a finger in every pie they were ready to reap the rewards of their conversion to capitalism in a spectacular fashion. If by some accident the economy really took off they might even gain of the biggest prize of all — international respectability.

ASEAN officials continue to argue that economic engagement will turn Burma around but there is little evidence to indicate it will happen. In fact much of what has happened over the last year would suggest that SLORC is only becoming more tyrannical. Michael Aris has been denied visits to Suu Kyi, SLORC launched a massive offensive against the Karens which included the use of chemical weapons and dissidents continue to be rounded and imprisoned for the most minor of offenses.

Indeed, it seems that rather than uplifting Burma, what constructive engagement appears to have actually done is to corrupt ASEAN. Rather than giving the regional grouping leverage, economic engagement has only made Burma's neighbors gagged partners in crime.

Take caretaker Prime Minister Chuan Likphai. At the ASEAN summit, Chuan who had gained some credit among human rights by defying the army to allow Nobel laureates to visit border in 1991 and went as far as to lecture Ohn Gyaw on human rights at the ASEAN summit.

Fast forward one year and Chuan must now be considered one of SLORC's most staunchest defenders. He has furiously defended Burma's right to attend ASEAN meetings and doggedly insists Thailand will continue to stick by "constructive engagement" come hell or high water. Any suggestion that Thailand might want to step up the pressure on human rights is dismissed as "interference in Burma's internal affairs".

ASEAN has itself in a bind. Millions have been invested in Burma and the governments are showing an extreme anxiety not to jeopardize their businessmen's money.

Meanwhile, Rangoon's tin-pot junta continues to build up one of the biggest and most menacing armies in the region, narcotics traffic spirals out of control, and little else changes in Burma — the repression goes on, villagers are rounded up for slave labor, and Chinese control of the economy deepens.

What is most disheartening about ASEAN's approach is how constructive engagement was supposed to be a contract — Burma gets to rejoin the international community but along with that comes an obligation to accept the standards of that world.

But contracts, like election results mean nothing in Burma. Lamentably, the strings that were supposed to link economic engagement and improvements in political rights were never tied. And now we have the situation of the region's leaders falling back on the tired old refrain that politics and business can't be mixed. But for a moment let's not argue from a standpoint of what is right and ethical but from a position of what is realistic and do-able in the blinkered eyes of our leaders.

Divide politics and business, yes, but in doing so ASEAN's leaders must also accept the obligations that come with this divorce and hold up their end of the deal to bring some political heat to bear on Burma. Unconditional invitations to ASEAN meetings don't do that.

Burmese Border Closure Affects Trade, Tourism

BK2205053595 Bangkok *THE NATION* in English
22 May 95 p 21

[FBIS Transcribed Text] The closure of Thai-Burmese border pass at Mae Sai in Chiang Rai since last Monday stalled trade and tourism along the border, causing "great damage" to merchants, according to Chiang Rai Board of Trade chairman Wiwat Sirichangphatthana.

The closure order, issued by Chiang Rai Governor Khamron BunchoeT, also prohibited Thais and Burmese from crossing the border while unrest continued in the area.

Mr. Wiwat, who was unable to provide figures, said trade in consumer goods and construction materials, the main exports to Burma, had been adversely affected by the closure.

He said he wanted Mr. Khamron to consider reopening the border for the sake of trade and tourism.

Chuan Dissolves House of Representatives

Chuan Explains Decision

BK1905134595 Bangkok Radio Thailand Network
in Thai 1200 GMT 19 May 95

[FBIS Translated Text] The withdrawal of the Phalang Tham Party prior to the voting on the no-confidence motion would have caused the government to lose 46 votes, thus rendering it a minority government. Therefore, the government felt that the best solution and most democratic way to hand power back to the people was to dissolve parliament. Prime Minister Chuan Likphai explained the reason for his decision to dissolve parliament at Government House this afternoon.

[Begin Chuan recording] There were several possible solutions. However, I feel that each solution had its good and bad points. The best democratic solution, which returns power to the people, the real master of power, is to dissolve parliament. I made this decision because I felt that although the government would face fewer than 181 no-confidence votes — the votes of the opposition bloc — after the vote the government would have become a minority government and found it difficult to carry out national administration smoothly and effectively. Moreover, the government has no desire or intention to bring another party into the coalition to form a majority government. This decision was conveyed to the remaining three coalition partners.

At about 1100 today I was received by the king for him to sign the decree to dissolve parliament. The decree has already been issued, and the people have already learned of it.

I want to take this opportunity to inform the people once again that what has occurred is normal in a democratic system. Although the government was determined to use the time remaining to it to perform to the best of its ability to fulfill the policies delivered to parliament, an obstacle arose that could have affected the performance of the government and parliament and, most importantly, the people's well being. Therefore, it was necessary for the government to make the decision. [end recording]

The prime minister said that as an elected politician in the democratic system, he was aware of his responsibility to work honestly in accordance with the policies and to preserve what is right. He said:

[Begin Chuan recording] The past two years and almost eight months was a test of the democratic system's efficiency. Lack of resolve, becoming swayed by criticism, being angered, resorting to directions other than democratic ones and the condition of co-existence under the same law could have caused the country confusion and

led it in the wrong direction. I have always been firm on this point and still am. From this point on, the government will return the power and responsibility to the people to use their judgment to elect their representatives on 2 July.

I made this decision because I foresee the great events that await the country. This year there will be an auspicious event associated with the supreme institution of the country. There will be rare and important international events, such as the ASEAN summit in December, a meeting of EU and Asian leaders early next year, a major trade exhibition, and regional games. The next government will have to make early preparations for these events to ensure success. These events are very important to the country and the people. Therefore, I decided that the people should be given the power to elect their representatives so that they can form a government, any government, to carry out these tasks. [end recording]

Dissolution Kills Several Bills

BK2005090395 Bangkok BANGKOK POST
in English 20 May 95 p 1

[FBIS Transcribed Text] Several important pieces of legislation pending in Parliament were automatically dropped as a result of the Lower House dissolution.

Cabinet secretary-general Witsanu Khrua-ngam said it was a pity many draft legislations pending Parliament approval have been killed as a result of the House dissolution.

They include the Provident Fund Bill, Information Bill, Intellectual Property Bill and 1996 Budget Bill.

While the bill would not yet be passed by the time the new fiscal year begins, the 1995 Budget Decree can be temporarily used, Mr Witsanu said.

A highly-placed source in the legislative branch said although the decision to dissolve the House of Representatives is the best solution for the current political problem, the Government will lose the chance to appoint a new set of 270 senators to replace the existing ones next March.

It will also lose the opportunity to appoint a new supreme commander and army chief when the current ones retire by the end of September.

Little Effect on Economy Expected

BK2005111695 Bangkok BANGKOK POST
in English 20 May 95 p 15

[FBIS Transcribed Text] The banking and business communities see the dissolution of Parliament as part

of a normal democratic transition, and all agree it will not stunt Thailand's strong economic performance.

In the short term, some foreign investors may adopt a wait-and-see attitude until the policies of the new government become clear, Bangkok Bank executive chairman Chatri Sophonphanit said yesterday before departing for a trip abroad.

The country's economic fundamentals are strong and since Thailand has weathered its share of political upheavals in the past, "it is not a big deal for foreign investors," he said.

Dr Som Chatusiphithak, chairman of the Thai Bankers' Association and president of Siam City Bank, said the democratic system is working as it should.

"I believe investors' confidence is not being affected, and I also believe the new government will follow previous governments' economic policies."

Dr Olan Chaiprawat, president of Siam Commercial Bank, noted that while the policies of each political party may be expressed differently, they have not differed fundamentally on national economic goals since General Prem Tinsulanon was in power.

Dr Olan said he would like to see one party with an absolute majority, although he knows this is just a dream. "So, I am optimistic that the (next) coalition government will be a two-party one, and that will make the government have more stability."

Foreign investors, he said, are not surprised by the political changes since they had been expected earlier. Many people believed an election would result after the New Aspiration Party was thrown out of the coalition late last year.

Even the SET (Securities Exchange of Thailand) index, which had a roller-coaster ride yesterday, was affected as much by the Dow Jones as by local politics. The bourse closed down 20.76 points after being off by 54 earlier in the day but Dr Olan said he expected an early rebound.

He expects a lot of new faces in the next Parliament — as many as one-third of the 391 seats in the enlarged House. "Previous statistics show this is so."

But Dr Olan will not be one of them, saying he is ready to enter politics.

Chirayut Wasurat, honorary secretary-general of the Thai Chamber of Commerce and former chairman of the Employers' Council of Thailand, said the dissolution of Parliament showed politics are moving along the democratic path.

But in an era of globalisation, Thailand needs a consistent economic policy for a certain period so that the

gap between the rich and the poor could be narrowed, he said.

Suthep Laohawatthana, executive vice-president of Media of Medias, said dissolution and a quick election will create a clearer picture. During the campaign, a lot of cash will be injected into the market, he noted.

The post-election economic situation should improve because investors have regained confidence in Thailand, he said, adding that observers around the world will be encouraged to see Thailand maintaining democratic principles.

Mr Suthep expects a SET rebound on Monday once investors realise that democratic legitimacy has prevailed.

Khunying Niramon Suriyasat, president of Toshiba Thailand, said dissolution was the best way out. Thailand's economy has strong momentum, although there will be uncertainty about some new projects that are going to tender or close to the contract stage, she noted.

"Regardless of who the newcomer is, the new government should spend its time solving pollution which is the key element driving investors away from Thailand," she said.

Dr Pichit Nithiwasin, managing director of HMC Polymers and other related businesses, said dissolution would affect the SET in the short term. However, the political transition will not affect industrial investment, he said, since Thailand has strong political fundamentals relative to neighbouring countries.

Countless dissolutions and coups in the past did little to shake investors' confidence in Thailand, he said.

From a foreign investor's perspective, Stephen Taran, Lehman Brothers' senior vice-president, said Thailand's future remains bright since the Government's policies regarding capital flow have been liberal and consistent.

It is important to distinguish between changes in government or changes in the composition of the coalition from political instability, he said. The latter exists when the government is overthrown by people preaching a different ideology.

No such fundamental ideological conflict exists in Thailand since there is a very broad consensus about economic policies, said Mr Taran.

House Dissolution Editorialized

BK2105110195 Bangkok THE SUNDAY POST
in English 21 May 95 p 22

[Editorial: "PM's decision to call election best in the circumstances"]

[FBIS Transcribed Text] Prime Minister Chuan Likphai made the right decision — at least for the benefit of his own Democrat Party by dissolving Parliament ahead of a censure vote. He averted a vote which would have dealt the party even more embarrassment and damage. There were few options.

The premature departure of the Government, which was more than halfway through its four-year tenure, was unpredicted less than a week ago. It has dealt a psychological blow to the Democrats because their glorified dream of becoming the first elected government to complete its term has been shattered. Indeed, it was a tormenting experience for a party which, just a year ago, could proudly claim to have popular support. But who are to blame if not the Democrats themselves?

Some disgruntled Democrats blame the Phalang Tham Party for having decided to abstain from the vote and also to pull out of the Government at a crucial moment when every single vote counted and solid support from every coalition party was needed.

But this same attitude — blindness to their own mistakes and refusal to admit errors — revealed itself in the way Democrat MPs tried to defend themselves over the land reform fiasco during the censure debate.

Giving the mandate to the public will determine the popularity of the Democrat Party. If people accept the Democrats' error in the handling of the land reform scheme, the party can expect to return to office in strength and, perhaps, to continue the project.

The Phalang Tham Party, especially leader Chamlong Simuang, has paid a big price for pulling out at a crucial moment. The party was blamed by the Democrats and the rest of the coalition partners for triggering the demise of the government.

Torn apart by internal conflict and resentment by some ministers unable to overcome their loss of social recognition, the party also risks being branded a political pariah seen as untrustworthy. Yet, the party deserves to be commended for having the courage to pursue its own conscience rather than being bound by political etiquette alone to go along with a government which committed a big mistake but still did not have the courage to admit the error.

Thais should be pleased that throughout the two-day debate the conduct and efficiency of both camps, espe-

cially the Opposition, showed a big improvement over that of previous occasions. Personal attacks which characterised previous debates were almost non-existent. It was even more comforting to hear MPs speak of their love of the country and dedication to people at the grassroots of society. It will be more heartening if this rhetoric is translated into solid action.

The dissolution of Parliament will disrupt the smooth functioning of a caretaker government and also bring about other negative effects. It may discourage businessmen and prompt potential investors to adopt a wait-and-see attitude. But it will give democracy a fresh start and provide people with another chance at the ballot box in the hope that the new administration will be better more efficient and less corrupt than the previous one.

Thailand has been through several elections. Each raises new expectations. But, sadly, after each election in the past, expectations have been dashed. Hope became despair and trust turned into suspicion when pledges were broken by successive governments. Yet, we should not lose hope in democracy, although it is imperfect.

The eternal hope is that each new election will bring about a government more responsive to the wishes of the people, more efficient and less corrupt than its predecessors.

New Alliance Forged for Upcoming Election

BK2005100395 Bangkok BANGKOK POST
in English 20 May 95 p 1

[FBIS Transcribed Text] The Democrats and their three coalition parties have formed a loose alliance to contest a July 2 general election and to form a new government if they win enough seats in Parliament.

About 20 parties are expected to contest the polls.

The alliance came hours after a Royal Decree to dissolve Parliament was announced following the withdrawal of the Phalang Tham Party (PDP).

The dissolution of the House which became effective immediately killed a vote which should have taken place at 1.30 p.m. yesterday.

Election fever began to be felt with parties of both opposition and government camps huddled in impromptu meetings while dissident ex-MPs openly started looking for greener pastures to pursue their political careers.

Acting Deputy Prime Minister Banyat Bantathan said even though the House was dissolved, the Chat Phatthana, Seritham, Solidarity and Democrat parties agreed to stick together as a caretaker government.

The Democrat deputy leader said the formation of an alliance would make it easier for the electorate to decide which parties they should vote for.

But he said the four parties had not discussed in detail how they could avoid competing with each another in constituencies or who should be the prime minister if any one of the four parties gets the largest number of seats.

The alliance was not intended to block other parties from forming a government after the election, he said.

Mr Banyat said the land reform scheme would be high lighted in the party's election platform despite criticism in Parliament of mishandling the project.

Mr Chuan Likphai's honesty and integrity would also be promoted in the campaign, he said.

Phalang Tham Party will undergo dramatic changes after the departure of the dissident Group 23 which has, in the past several months, been a thorn in the party's side.

Major changes in the party executive committee are expected to take place at the annual party caucus on May 28.

Well-informed party sources said former foreign minister and telecommunications tycoon Thaksin Chinnawat would return to the party to assume party leadership replacing the incumbent Chamlong Simuang.

Some party members didn't want Chamlong to leave immediately, the sources said.

Mr Thaksin might at first be given a post as deputy leader and eventually replace Maj-Gen Chamlong, sources added.

There should be no problem about the qualifications of Mr Thaksin as he and his wife had already relinquished most of their business stakes, said the sources.

The hard-line faction of the party has already recognised the tycoon as an ally, he said.

Mr Thaksin has maintained close contact with Maj-Gen Chamlong after he left the Foreign Ministry more than three months ago.

While gaining the telecommunications tycoon, the PDP is losing half of its MPs who are mostly members of the Group 23.

Led by Prasong Sunsiri and Col Winai Somphong, most members of Group 23 have agreed to join Annuai Wirawan's Nam Thai Party.

Among them are Suthep Atthakon, Udomsin Sisaengnam, Vice Admiral Rot Wiphatphumprathet, Kuthep

Saikrachang, Adison Phiangket, Phumi Saraphon and Amnat Chanawong.

Former deputy prime minister Annuai who will contest in Khon Kaen said the party would announce a list of candidates on Monday.

Another group of PDP members will join Athit Urairat's Seritham Party.

With the arrival of PDP members, he expects his party to win twice the number of seats he won in the last election.

Chat Thai is also breaking up with several members likely to split.

Former Phrae MP Narong Wongwan and about 20 ex-MPs under the Thoet Thai faction may quit and move to Ruam Thai Party, a party founded by Narong before he joined Chat Thai.

His party includes Newin Chitchop and Warathep Rattankon.

Mr Narong yesterday met Chat Thai leader Banhan Sinlapa-acha reportedly to stall the departure of the Thoet Thai faction.

Mr Banhan yesterday asked members of the Thoet Thai faction one by one if any of them wanted to leave.

It was reported they chose to stay under Chat Thai's banner.

'Technocrat' To Lead Foreign Ministry Urged

BR2205065495 Bangkok THE NATION in English
22 May 95 p a4

[Commentary by Phana Chanwirot and Kunlachada Chaiphaphat: "Foreign Ministry Yearns for a Technocrat: Will the Good Time Ever Return to Sararom Palace?"]

[FBIS Transcribed Text] Nothing has pleased officials at the Foreign Ministry more than to see a quick end to the short but grim tenure of former minister Krasae Channawong, who resigned from the coalition government along with other members of the Phalang Tham Party last week.

The Foreign Ministry has seen nothing but the unhappiest of times over the past two years and seven months, when the Ministry was under the helm of three different bosses, all of whom lacked the diplomatic finesse and leadership abilities needed for Thailand's increasingly complex relations with its neighbors and a changed world.

"We are quite relieved that things turned out this way. Why can't we have a technocrat or a capable foreign minister like the Finance Ministry," one high-ranking official said.

The Finance Ministry in this outgoing government was served by ex-banker Tharin Nimmanhemin who worked with vision on a number of major national issues.

Foreign Ministry officials found Foreign Minister Prasong Sunsiri to be too concerned about his political survival wanting only one-flight as foreign minister to lay the groundwork for greater power.

Despite his well-versed security background and international exposure during his time as chief of the National Security Council, Prasong failed to deliver the kind of leadership needed to properly manage relations with Thailand's neighbors, particularly the stormy relations with Cambodia or for the hosting of last July's ASEAN annual ministerial meetings.

He was more of a cowboy than a dynamic diplomat. Prasong, who is set to run in the new election with the Nam Thai Party, also left a legacy of appointing unsuitable senior officials in the last shuffle of top ministry posts.

But those appointments from top level down were a big mistake because these people are not well equipped to oversee changes the Ministry needs to go through. Worse still, the system of rewards based on merit, an important part of the bureaucratic reform, is likely to give way to the old cancer of the patronage system.

That kind of twilight zone atmosphere — apt for the more subdued era of the Cold War — temporarily disappeared when telecom tycoon Dr. Thaksin Chinnawat came in. Thaksin was capable of delivering needed leadership but was still a novice in diplomacy. Nonetheless, the Ministry seemed like "waking up from the nightmare".

During his three-month tenure, Thaksin set an agenda for the Foreign Ministry to play an active role on international economic issues. Although the Ministry is still ill-equipped to provide most up-to-date data and accurate assessments on international economic matters, at least it knew where it was going.

The morale of the staff was uplifted. They were looking forward to being trained and becoming well versed with the ways of the changing world. They might have fumbled at the Asia Pacific Economic Cooperation (APEC) summit in Indonesia, but attempts were made to prevent such an incident from happening again.

Last but not worst came the tenure of Magsaysay-winner physician Krasae Channawong, who has neither the

leadership nor diplomatic finesse to fulfill his life-long ambition to become the country's foreign minister.

The good politician, Dr. Krasae called a meeting with Thais doing business in Cambodia during his April official visit there. As a minister, however, he deeply disappointed them.

Krasae failed to talk about the issues that matter to Thais doing business overseas. They wanted to know about Thailand's international relations policies with Cambodia and Indochina. They also wanted to know about a grant that the Thai government had extended to Phnom Penh, and how some of the problematic business contracts can be resolved.

But the foreign minister was apparently in no mood to talk about "policy". He spent the entire meeting talking about Thailand's domestic politics.

"It was a waste of time. Utterly useless," said a Thai businessman.

During the recent intrusion into Thailand by a Burmese group, Krasae went to see Army Commander Gen [General] Wimon Wongwanit rather than the other way around. Such an act would have alarmed Thailand's neighboring countries because doubts would surface about who is actually in charge of the country's foreign policy. A wrong signal was sent.

Moreover, Krasae failed to be quick and articulate in responding to the fluid border situations that should be the Ministry's job. His remarks were just echoes of Wimon had said.

Though there have been so many ideas put forth over the years as to how the Foreign Ministry can evolve to become a dynamic organization again, the situation facing the Ministry is hardly unique. Foreign ministries worldwide saw their power eroded after the break-up of the Soviet Union, the fatherland of communism. The importance of international economics pushed institutions such as the United Trade Representatives Office as well as the Thai Commerce Ministry to the forefront of international diplomacy.

Every now and then we see the Foreign Ministry pushing at the door to play an active role in international economic policies. But it is unable to sustain itself due to the lack of skills, the craftsmanship and mechanism in the new international trade scene. This may not after all be a structural problem but reality. The Foreign Ministry may fumble even more if it tries to do more than it can.

But there is no excuse if the foreign minister should fail to understand what his role is and to perform his duty properly. Krasae has been called a nice and modest man.

But the foreign minister is called on by his country to have an agenda and to put it through.

So his departure provides at least a temporary relief for the Ministry before the usual guessing game starts again who is going to be their new boss.

Apparently, they echo in unison "Is it not time Thai politicians realize that running the Foreign Ministry is not a C-Grade job but one that requires a technocrat?"

Need 'To Modernize' Old Laws Emphasized

BK2205072895 Bangkok THE NATION in English
22 May 95 pp b1, b3

[Report by the Business Desk: "Future Government Must Modernize Old Laws"]

[FBIS Transcribed Text] One of the hottest issues for political parties contesting the July 2 elections will be the new government's commitment to amend the many outdated laws and introduce new legislation to modernize the country.

The Chuan government, during its two years and seven months in power, spent much of its time trying to deal with political bickering between coalition partners, especially the whimsical Phalang Tham Party.

The government also endured five noconfidence debates during its tenure. Thus, the outgoing government will go down in history as one which did not achieve as much as it could have.

The final judgment of the people will be based neither on agendas or policies, but the affect the government has had on the lives of ordinary people.

The House dissolution, announced last Friday, killed several bills which would have ushered Thailand into an increasingly interdependent world.

The world will not wait — it will move on.

Among the most important bills are a telecommunications liberalization package, a human resource development budget, the futures and commodity bill as well as a new version of the alien business law.

The communications law amendments would pave the way for liberalization of the telecoms industry through the breakup of existing oligopolies which have proved incapable of providing services at reasonable costs and efficiency.

The Transport and Communications Ministry was due to complete its suggested amendments last week and prepare for a parliamentary debate — a major part of the telecoms master plan.

Former Transport and Communications Minister Wichit Suraphongchai had set 1997 as the first year for telecoms liberalization and envisioned the industry would be run by an independent regulatory agency.

Slated for amendment are the post and telegraph act, now in its 61st year, and the Telephone Organization of Thailand (TOT) act. Still without immediate legal amendments, TOT and the Communications Authority of Thailand will continue pursuing their privatization plans, said Rungrot Siprasoetsuk, TOT board chairman.

But both will retain their monopoly rights for domestic and international services until their charters are changed. The attitude of the next transport and communications minister towards this idea will remain to be seen.

Some telecoms firms are naturally quite happy with the dissolution as they hope to participate in rewriting the master telecom plan and perhaps get a share in the lucrative pie.

Also canceled with the collapse of the government are legal changes relating to the country's trade and investment policy.

The Commerce Ministry claimed amendments to the alien business act would promote foreign investment.

The amendments were helped put together by Dr. Surakiat Sathianthai, dean of [the Law Faculty of] Chulalongkorn University and now an adviser to Banhan Sinlapa-acha, leader of the Chat Thai Party.

The dissolution is also likely to put hold on the Commerce Ministry's plan to create a futures market for farm products and primary goods.

The draft of the commodity futures market bill, currently under review by the Commerce and Finance Ministries, is waiting for the parliament's approval.

Initially, Former Deputy Commerce Minister Chaiyot Sasomsap planned to submit the plan to the House by July.

However, the possibility of a futures and commodity market is now in doubt as it is not certain whether the incoming Cabinet will agree to go ahead with the project.

Although the Cabinet approved the principle of establishing a commodity futures market it did not actually approve the draft bill proposed by the Commerce Ministry.

Former Deputy Commerce Minister Chaiyot Sasomsap, one of the bill's architects, said after the parliament's

dissolution that he would greatly regret it if the new minister drops the bill.

However, he was hopeful the new government will look after the bill and ensure the parliament passes it, because most of the old parliamentary members — expected to be re-elected — supported the bill.

The Ministry wants to use the commodity futures market as a price discovery instrument to stabilize fluctuating farm product prices.

Moreover, Commerce Ministry officials are uncertain as to whether the new commerce minister will support the current insurance liberalization draft bill.

Insurance liberalization is part of Thailand's obligations under the General Agreement on Trade in Services requiring members of the World Trade Organization to open their service sectors on a progressive liberalization basis.

The Chuan government, in opening Thailand's insurance market, also wanted to reduce pressure from the United States trying to gain banking and insurance market access.

As the draft bill has yet to be approved by Cabinet it has yet to be effective.

Moreover, the Chuan administration has failed to ensure passage of the amended alien business law through parliament.

Originally, the new law was designed to lift the barriers against foreign businesses in Thailand.

The Chuan administration assigned a working committee, chaired by Dr. Surakiat Sathianthai, dean of the faculty of law at Chulalongkorn University, to amend the current alien business law — officially named the National Executive Council Announcement Number 281 — which imposes limitations on foreign businesses in Thailand.

Surakiat said the amendments had been introduced for public hearings to decide what business types currently reserved for Thai citizens will be opened after two years.

The future of the amended alien business law is also in question now there is uncertainty as to whether the new parliamentary members will agree to the plan.

Stabilized goods and service prices and business competitiveness bills were also waiting to be submitted to the Cabinet, said Chaiyot.

The two drafts originate from the price fixing and anti-monopoly act.

Vietnam

XINHUA Mission Paying Visit in Hanoi

Received by Nguyen Khanh

BK1905161095 Hanoi VNA in English
1500 GMT 19 May 95

[FBIS Transcribed Text] Hanoi VNA May 19. — Deputy Prime Minister Nguyen Khanh received here this afternoon a XINHUA delegation led by its president Gou Chao Ren, who has paid a working visit here since May 18.

Mr Gou Chao Ren is a member of the Communist Party of China Central Committee and executive chief of the OANA.

Speaking to the Chinese guests, Mr Nguyen Khanh praised their strengthened technical and professional cooperation, and their exchange of information with Vietnam News Agency, thus actively contributing to the consolidation and development of the multi-faceted cooperation between the two countries.

VNA Director General Do Phuong, member of the Communist Party of Vietnam Central Committee, was present at the reception.

Meets With Do Muoi

BK2105072995 Hanoi VNA in English
1437 GMT 20 May 95

[FBIS Transcribed Text] Hanoi VNA May 20 — Party General Secretary Do Muoi received here this afternoon a XINHUA delegation led by its chairman Gou Chao Ren, now on a working visit to Vietnam.

Present at the reception were Mr. Do Phuong, member of the Communist Party of Vietnam Central Committee and director general of Vietnam News Agency, Mr. Hoang Thuy Giang, deputy head of the party External Relations Commission and Chinese Ambassador to Vietnam Zhang Qing.

During the reception, Mr. Muoi expressed his satisfaction at the promotion of the cooperation between the two news agencies in the spirit of fraternal solidarity.

He noted that the relations between the two parties, states and peoples have seen new steps of fine development, and expressed his wish that the two sides would make more efforts to bring into full play the tradition of solidarity and friendship and to broaden their cooperation, and that they would continue to solve the existing issues left by the history on the basis of equality, mutual respect and benefits.

He hailed the achievements recorded by the Chinese people, which, he said, are an encouraging source and precious experience to the Vietnamese people's national construction and defence. He asked the delegation to convey his best regards to General Secretary of the Communist Party of China Jiang Zemin, Prime Minister Li Peng and other Chinese leaders.

For his part, Mr. Gou Chao Ren who is a member of the Communist Party of China Central Committee and executive chief of the OANA, expressed his pleasure at the fine development of the friendship and cooperation between XINHUA and VNA, and said he hoped that through his visit, the two news agencies would strengthen in exchange of information, technical cooperation, personnel training and so on.

Also at the reception, the Chinese ambassador presented a picture book titled 'President Ho Chi Minh with the Chinese People' to the Vietnamese party leader on the occasion of the 105th birth anniversary of President Ho Chi Minh.

Mr. Muoi spoke highly of the publication of this book in China, which, he said, demonstrated the Chinese people's deep sentiments towards President Ho and the Vietnamese people.

While in Vietnam, the Chinese guests paid floral tribute to President Ho Chi Minh at his mausoleum, and met with the VNA leadership to exchange views on measures to promote their cooperation in technology, personnel training and information.

The delegation called at several economic and cultural establishments in Hanoi, Haiphong, Ho Chi Minh City and the southern provinces of Tien Giang, Dong Nai and Ba Ria-Vung Tau.

Lao Party Delegation Visits Son La

*BK2005145795 Hanoi VNA in English
1429 GMT 20 May 95*

[FBIS Transcribed Text] Hanoi VNA May 20 — A delegation of Laos' Houa Phan led by Mr. Somphanpheng Khami, member of the Lao People's Revolutionary Party Central Committee, secretary of the provincial party committee and governor of the province, paid a working visit to the northern province of Son La from May 18-20.

During the visit, the Lao guests had working sessions with Mr Do Van An, member of the Communist Party of Vietnam Central Committee and secretary of the provincial party committee and other senior officials of the party committee and peoples' committee of Son La Province.

The two sides signed an agreement promoting their cooperation. Son La Province will send experts in the fields of forestry, fishery, road building and bridge construction to help Houaphanh province and the two provincial authorities will jointly open border markets.

The Lao delegation visited a number of forestry and agricultural establishments in Son La Province.

Leaders Attend Meeting To Mark Ho's Birthday

*BK1905144395 Hanoi VNA in English
0741 GMT 19 May 95*

[FBIS Transcribed Text] Hanoi VNA May 19 — 'The thoughts and the great revolutionary cause of President Ho Chi Minh will forever lead our advance for new success,' said Communist Party General Secretary Do Muoi at a mass meeting here this morning to mark the 105th birth anniversary of the late president (May 19).

The meeting was attended by General Secretary of the Communist Party of Vietnam Central Committee Do Muoi, Advisors to the party Central Committee Pham Van Dong and Vo Chi Cong, State President Le Duc Anh, Prime Minister Vo Van Kiet, National Assembly Chairman Nong Duc Manh, President of the Fatherland Front Central Committee Le Quang Dao and other party and state senior officials.

Members of the diplomatic corps and representatives of international organisations in Vietnam were also on hand.

In his commemorative speech, the party leader praised the virtue of President Ho Chi Minh, his great contributions to the Vietnamese nation as well as to the world revolution.

He said that despite far-reaching upheavals in the world situation today, the Vietnamese party, state and people continue upholding the banner of patriotism and socialism, creatively applying Marxism-Leninism and HO Chi Minh Thoughts, and striving for the success of the renovation process to develop the country. He reaffirmed that President Ho Chi Minh's revolutionary thoughts characterized by steadfastness, creativeness and non-dogmatism remain invaluable lessons for all generations of the Vietnamese.

In his speech the party chief severely criticized phenomena of disunity, corruption, and depravation of a number of party members and government officials, describing them as crimes against the nation.

Do Muoi Speaks at Meeting

BK1905162795 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 19 May 95

[Report on 19 May Hanoi meeting marking Ho Chi Minh's 105th birthday — portions recorded]

[FBIS Translated excerpt] After a military band played the National Anthem and the tune of Hail to the Chief, Comrade General Secretary Do Muoi, on behalf of the party and the state, delivered a speech, saying that the history of the 65 years of our party and people's staunch, victorious struggle full of hardships and sacrifices attested to the fact that every step forward made by the Vietnamese revolution was inseparable from the reputation of President Ho Chi Minh, who was a shining symbol of the concept of national independence being linked with socialism and was also an example of the spirit of independence, self-governance, self-reliance, renovation, and creativity. His thought is the quintessence of spiritual values, cultural identity, and our people's traditions of staunchness, indomitability, human kindness, and loyalty, which have been built up through thousands of years of history and which have been integrated with the quintessence of mankind's culture and epochal wisdom, the height of which is the Marxism-Leninism that was correctly and creatively applied by him in the specific circumstances of the country. His thought, which has been and is guiding our people in gaining successes, has become of lasting value for the Vietnamese nation and is spreading over the world.

After pointing out that although President Ho Chi Minh's revolutionary life was hard and challenging, it was yet very heroic and glorious. Whatever the situation, he always remained calm and determined. At various decisive junctures of the revolution and at the many turning points of history, he managed to make clear-sighted and daring decisions. Comrade General Secretary Do Muoi said:

[Begin Do Muoi recording] Throughout his revolutionary life, President Ho Chi Minh always adhered to the concept of Great Unity and he was the precise symbol of the Great National Unity Bloc. His greatest concept, the strategic slogan of Unity, Unity, Great Unity; Success, Success, Great Success, became a source of encouragement that helped gather our entire people of all strata, individuals and collectives alike, and turn them into an invincible strength.

In liberating the nation, we had to unite the people of all strata into a widespread front for national unification. In national construction, it will be even more necessary for us to strengthen our great national unity. The renovation

process and national industrialization and modernization will only be successful when our entire people are united and of the same mind, millions as one, trying to devote all their talents and energy to the fatherland for the sake of building a bright future for our current generation and future ones.

To President Ho Chi Minh, Great National Unity is a fundamental and long-term strategy needed for the revolutionary struggle for national salvation as well as for socialist revolution. The concept of Great National Unity must be understood in the framework of party policies and lines and state law. According to his concept, our state bears a working class nature and is linked profoundly with the citizenry and the national character. It is truly a symbol of the unified powers of a government that advocates national unity. [end recording]

In his speech, the comrade general secretary said that despite the current ordeal-plagued situation, following Uncle Ho's shining example, the majority of our party cadres and members have continued to uphold their vanguard and exemplary role, concern themselves with maintaining their clean and honest lifestyle, and enjoy the people's confidence and admiration. Nonetheless, we must frankly admit the painful fact that a large part of our party cadres and members have abused their positions and have become deviate due to a failure to overcome ordinary temptations and cravings. Their negative actions and decadent lifestyle are currently a painful phenomenon of our society.

To preserve the reputation of the party and the state and to restore the people's confidence, it is necessary to promptly dismiss these corrupt elements, regardless of their ranks and positions. As for those who claim to be communists but who betray their cause and do harm to the country and the people, we must resolutely purge them from party organizations, from the state apparatus, as well as from mass organizations. If found breaching the law, they must be made to face stern legal action. The comrade general secretary went on:

[Begin Do Muoi recording] The party Central Committee's recent eight plenum resolution calls for continued building and perfecting the SRV state, the focus of which is to further renovate the administrative sector.

The party plenum emphatically pointed out the need to link administrative reform with party rectification and to attach importance to cultivating the contingent of administrative cadres and civil servants in terms of ethical qualities, knowledge, and competence, trying to make them fully aware that they are both representatives of state powers and servants of the people so they can scrupulously carry out Uncle Ho's testament.

As our party is a ruling party, all party cadres and members must truly imbue themselves with revolutionary ethics, must truly practice industry, thrift, integrity, righteousness, public dedication, and disinterestedness, and must try to deserve truly faithful leaders and servants of the people.

It is very necessary and important for us to study and fully understand Ho Chi Minh thought. However, it is even more necessary for us to translate Ho Chi Minh thought into our everyday life in such a way as to suit the current circumstances and conditions of our country. As an immediate task, we must study and apply Ho Chi Minh thought in reviewing the actual results of the renovation process carried out over the years so as to draw on valuable lessons of experience and on this basis, to make good preparations for the Eighth National Party Congress — ranging from preparations for a political report and a roundup report on party building to the formulation of a strategy for and the drafting of the orientations and tasks for development for the years to come, and the determination to have correct domestic and foreign policies — if we are to successfully implement the congress resolution. These very important and realistic tasks will help keep Ho Chi Minh thought constantly in touch with the burning realities and unceasingly supplemented and developed so this thought can become increasingly copious and profound in the guidance of our actions.

President Ho's great desire was to see a totally independent country, full freedom for our people, enough food and clothing for our compatriots, and education for all. Upholding the Ho Chi Minh banner, we are determined to speed up the renovation progress toward total success, and to achieve the goals of prosperous people, powerful country, and equitable and civilized society so as to be worthy of the boundless love that President Ho had for the compatriots nationwide. [end recording]

Dac Lac Province Reports on Local 'Starvation'

*BK2205083895 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 22 May 95*

[FBIS Translated Text] According to reports sent by chairmen of district people's committees of Krong Kno, Krong Ana, Krong Bong, Krong Pach Ea Kar, and Cu Mgar, at present, 9,571 ethnic families living in 57 villages of these districts are suffering from starvation. The actual investigation conducted by the Department of Labor, War Invalids, and Social Welfare of Dac Lac Province revealed that out of 49,000 starving people, 16,500 people are experiencing severe starvation. The province has reserved a fund from the local budget to help people with severe starvation, and local authorities have launched a public campaign to help other starving people.

Australia

Keating Preparing for Official Visit to Tokyo

Previews Agenda for Talks

OW2205105795 Tokyo KYODO in English
0949 GMT 22 May 95

[FBIS Transcribed Text] Canberra, May 22 KYODO — Free trade and Japan's role in achieving it will be on the agenda in talks between the Australian and Japanese leaders this week, Australian Prime Minister Paul Keating said Monday [22 May].

Keating flies to Tokyo on Wednesday for three days of public and private talks with government ministers and business leaders.

"I'm looking forward to the visit," Keating told the Japanese media at Parliament House in Canberra.

"Japan is our largest trading partner and Australia is the third largest source of imports for Japan. The relationship is expanding well and is remarkably trouble-free."

This will be Keating's third visit to Japan as prime minister and the first full state visit by an Australian prime minister since 1984.

Talks with Japanese Prime Minister Tomiichi Murayama and Trade Minister Ryutaro Hashimoto will focus on the Asia-Pacific Economic Cooperation (APEC) forum, the importance of expanding free trade, and regional security issues, Keating said.

The issue of Japan's leadership will also be raised, he said.

"It is important for Japan to take on a leadership role more commensurate with its role as an economic power," he said.

Being the host nation at the APEC leaders' summit in Osaka in November gives Japan that chance, he said.

Keating said he will raise with Murayama his concerns about the current trade dispute between Japan and the United States, and its potential damage to Australia.

"We don't want anything which would cut across APEC," he said.

"It is the only thing with strength as a promoter of further world trade liberalization."

"We compete on our merits and we don't want to see that threatened by bilateral deals," Keating said.

An open market is best for everybody, he said.

"We agree with the U.S. that Japan needs to open its markets more, but we also agree with Japan that

unilateral threats are not the way to achieve this," Keating said.

On that subject, he said he would also raise the issue of the postponement of Australian rice imports to Japan.

"We don't want to see arrangements where we are unable to compete," he said.

After a ceremonial welcome Thursday morning from Murayama, Keating will talk at Keio University, where he is to receive an honorary doctorate.

On Friday, he will have lunch at the Imperial Palace with Emperor Akihito and Empress Michiko, followed by talks with Murayama and Hashimoto.

He will attend a wreath-laying ceremony at the Yokohama Commonwealth War Cemetery on Saturday, where 278 Australians are among the 1,808 Commonwealth prisoners of war buried there.

Keating said it is coincidental that his visit is occurring in the 50th year commemorating the end of World War II.

"Neither Japan nor any other country can forget or should forget what happened," he said.

Keating said he is looking forward to again seeing Murayama, with whom he built a strong relationship after sitting next to him during dinners at the APEC summit in Indonesia last year.

"In fact, we got on like a house on fire," he said.

Terms U.S. Grievance 'Legitimate'

BK2205071495 Hong Kong AFP in English
0644 GMT 22 May 95

[FBIS Transcribed Text] SYDNEY, May 22 (AFP) — Australian Prime Minister Paul Keating will tell Japanese leaders this week he believes Washington has a legitimate grievance about access to Japanese markets but does not support US trade sanctions, officials said Monday.

Keating, who begins an official visit to Japan on Wednesday, expects the issue to be raised during talks with counterpart Tomiichi Murayama and plans to air his views about the trade dispute amid fears Australia could be caught in the crossfire.

Few countries apart from the antagonists have a greater interest in seeing an early settlement — Japan is Australia's number one trading partner and the United States is second.

Washington has threatened six billion US dollars of trade sanctions unless Tokyo grants greater market

access to American car makers in a move that worries Australian auto parts manufacturers, who exported 180 million dollars of parts to Japan last year.

Australian manufacturers fear Japan will agree to open its market to US manufacturers in a way that might damage other countries, such as Australia.

A spokesman for Keating said he would restate Australia's position that Washington "has a legitimate grievance with Japan, but would stress that he rejects any unilateral approach.

"We would prefer to see Japan open its market to all comers," the spokesman said.

The talks, in which Keating will also meet Trade and Industry Minister Ryutaro Hashimoto and Vice Foreign Minister Kunihiko Saito, are expected otherwise to focus on the Asia-Pacific Economic Cooperation (APEC) leaders meeting to be hosted by Japan in Osaka in November.

"Generally, we will be urging the Japanese to take a pro-active leadership role in APEC in the same way that Indonesian President Suharto did in the lead up to last year's Bogor summit," Keating's spokesman said.

Australia hopes the leaders of the 18-nation group will adopt a blueprint for achieving APEC's goal of free trade by 2020. But disagreement persists among APEC nations on how to achieve it.

Some countries favour a discriminatory approach giving maximum benefits to members, and offering incentives to other trading groups like the European Union to provide reciprocal trade advantages.

Although Canberra has endorsed a flexible strategy that would allow a preferential approach, its first preference is for liberalisation on a non-preferential, or "most favoured nation (MFN)" basis.

Officials said Keating would urge Japan to take a stronger stand in favour of the non-discriminatory position, using its economic muscle to push for a consensus position closer to Australia's preferred outcome.

During the three-day visit, Keating's third since he became prime minister in 1991 but the first official visit by an Australian leader since 1984, he will be formally welcomed at the Imperial Palace by Emperor Akihito.

Keating will also mark the 50th anniversary of the end of World War II by visiting a Commonwealth war cemetery and give a speech to a university on 50 years of Australian-Japanese relations.

Trade Relationship With Singapore Reviewed

BK2005093095 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 24 Apr 95 p 36

[Article by Colin Climo: "Pride Of Place Among Our Asean Trade Neighbours"]

[FBIS Transcribed Text] Of all Australia's trading and investment partners within Asean, Singapore has pride of place, with bilateral trade between the two amounting to \$A5 billion a year.

Singapore is Australia's fifth-largest export market — absorbing \$3.45 billion of Australian goods last year — our eighth-largest trading partner and one with which we enjoy a \$1.39 billion trade surplus.

While the value of Australia's exports to the island republic rose by only \$178 million in 1994, compared with the previous year, Singapore fared better in the exchange with a \$463 million rise in its exports down- under to \$A2.06 billion.

Big winners for Singapore were computers, up \$102 million to \$513 million; computer and office machine parts, up \$94 million to \$144 million; refined petroleum, which rose \$88 million to \$312 million and the CDs [Compact Discs], tapes, software and musical instruments category, which almost doubled to just under \$130 million.

For Australia, gold made its usual major contribution, with exports expanding by \$147 million to \$1.43 billion, while copper was the next biggest gainer, rising \$51 million to almost \$86 million.

Despite this, exports of elaborately transformed manufactures (ETMs) continued to mark the increasing diversification of Australia's export mix, with Singapore taking almost \$992 million — Australia's third-largest market in this category.

Lucrative though this bilateral trade may be for both parties, events over the past year promise to push these figures well into the shade.

Following the visit of Singapore's Prime Minister, Mr Goh Chok Tong, to Australia in September last year, it was agreed that a higher level of co-operation would benefit both nations as they explored joint venture opportunities in other countries.

The resulting Singapore-Australia Business Alliance Forum will see between eight and 10 high-level corporate executives examine potential business partnerships, monitored by the Economic Development Board in Singapore and Austrade in Australia.

To kick-start the project, a \$2 million fund has been set up to help defray the cost of feasibility studies on joint projects.

With Australia's expertise in infrastructure, telecommunications, transport, food and education, grafted to Singapore's superior regional knowledge, both countries stand to gain a considerable slice of an Asian market that in infrastructure alone could be worth \$US1 trillion over the next decade.

Yet there are a welter of linkages being formed at State level as well and in other areas — such as tourism, food exports, technology, manufacturing and services.

Singapore has close relationships with both the West Australian and South Australian governments over possible joint ventures, while Victorian food processors will participate this year in a joint trade mission to Suzhou, in China's Jiangsu province.

Australian exports to Asia have already grown at a trend rate of 12 per cent a year over the past decade, but the effect of this rapidly strengthening strategic partnership with Singapore is likely to see that figure rocket during the next 10 years.

The whole phenomenon will be given a huge fillip by the Asia Pacific Economic Co-operation (APEC) process and as Australia's Senior Trade Commissioner in Singapore, Mr Bruce Conduit, points out, it is a shared stance on trade matters — along with close defence and education ties — that has been instrumental in the rapid bonding between Singapore and Australia.

"It's not just a hard commercial thing, it's a relationship that goes on for decades into the future," he says. "I think there's a whole raft of communal interests and increasingly that's what counts."

As far as trade with Singapore is concerned, he sees software and financial services as having the brightest prospects, saying: "A lot of the Australian presence up here is squarely in the services sector from banking, to accounting, to legal, to real estate."

The only slight cloud on the horizon seems to be the trade dispute between Australia and the US over subsidised dairy exports to Asia, but Mr Conduit doesn't feel it will have too much impact on Australia's exports to Singapore.

"The reality is that the quantities involved are not of great moment. But the principle is still there — it doesn't sit well."

Taiwan's Jason Hu Speaks at National Press Club
OW2205103995 Taipei CNA in English
0902 GMT 22 May 95

[By Peter Chen]

[FBIS Transcribed Text] Canberra, May 22 (CNA) — The Republic of China [ROC] on Taiwan is willing to work with other countries to promote regional peace and stability while seeking reunification with Mainland China.

Speaking at the National Press Club in Canberra Monday [22 May], Jason Hu, spokesman for the ROC Government and director-general of the Government Information Office, said the ROC would like to be a valuable and contributing member of the international community.

He noted that the ROC has established an international humanitarian and relief fund to help countries afflicted by natural disasters. The ROC Government has also established an international economic cooperation development fund to help developing countries develop their economy so that they can share Taiwan's successful experience with other nations around the world, he said.

Hu, who is the first ROC Government spokesman ever to be invited to speak at the National Press Club since Canberra switched diplomatic ties to Beijing in 1972, spoke on "We Can All Be Good Neighbors."

Hu said the ROC places the highest premium on peace.

"We certainly do not want to see the outbreak of any conflict in the Taiwan Strait. We fully understand that peace in the Taiwan Strait is inextricably linked to stability and prosperity in the Asia-Pacific," he said.

He also cited the efforts made in recent years by President Li Teng-hui and Premier Lien Chan during their visits to Asian, Middle Eastern and Latin American nations that have no diplomatic relations with the ROC.

"We enter into bilateral and multilateral relationships with other countries based only on the pragmatic principles of goodwill and mutual benefit. We are not seeking or aiming to challenge the interests of any third party. Our active participation in international affairs can only benefit all members of the international community," he said.

He pointed out that while the ROC is striving to promote freedom, prosperity, democracy, human rights and social pluralism, its 21 million citizens have been consistently denied the rights they should enjoy in the international community because they refuse to accept communism.

"In fact, we are not asking for much, only that we be allowed a reasonable degree of latitude in international activities, in line with our need to survive and develop peacefully prior to the reunification of China," he said.

"We have no intention of opposing or fighting anyone. To let us further participate in the international community would not only benefit that community, it would also be helpful toward achieving the peaceful reunification of our divided Chinese nation," he added.

With its economic muscle, the ROC and its people are doing more and more to contribute to the world community, he said.

The ROC has become the world's 14th largest trading nation and has amassed about US\$100 billion in foreign reserves, he said. The ROC Government is also promoting economic liberalization and globalization measures to integrate with the international community.

He cited the fact that Taiwan has become the 12th largest foreign investor in the world. Its US\$33.5 billion in long-term capital outflow ranked the world's fifth, trailing behind Japan, the United States, Switzerland and the Netherlands.

"These figures indicate our ability to contribute to the international community," he said.

Despite being isolated by Mainland China, the ROC maintains formal diplomatic relations with 29 countries and has substantive ties with more than 150 countries in the areas of trade, culture and tourism, Hu said.

Turning to the bilateral ties with Australia, Hu said the ROC and Australia are major trading partners. Taiwan is Australia's 7th largest importing source and the 6th largest exporting market.

Two-way trade jumped nearly eight percent to US\$3.9 billion in 1994 from the previous year and there is potential for more expansion, he said.

Aside from trade, other ties have also flourished. In 1994, 2,200 Taiwan students went to Australia to study. This was up from 1,709 students in 1993, he said.

The number of Taiwan tourists visiting Australia each year is also rising rapidly following the establishment of direct air links between the two countries in 1991.

In 1994, nearly 120,000 people from Taiwan visited Australia, up 31 percent from the 1993 level. He predicted that the number will grow between 20 and 40 percent next year.

After speaking at the Press Club, Hu traveled from Canberra to Sydney where he will attend the "Taiwan update" seminar at the University of Technology.

Also attending the seminar will be more than 100 delegates from the Australian business, political and academic circles.

Hu will wind up his visit to Australia on May 24.

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